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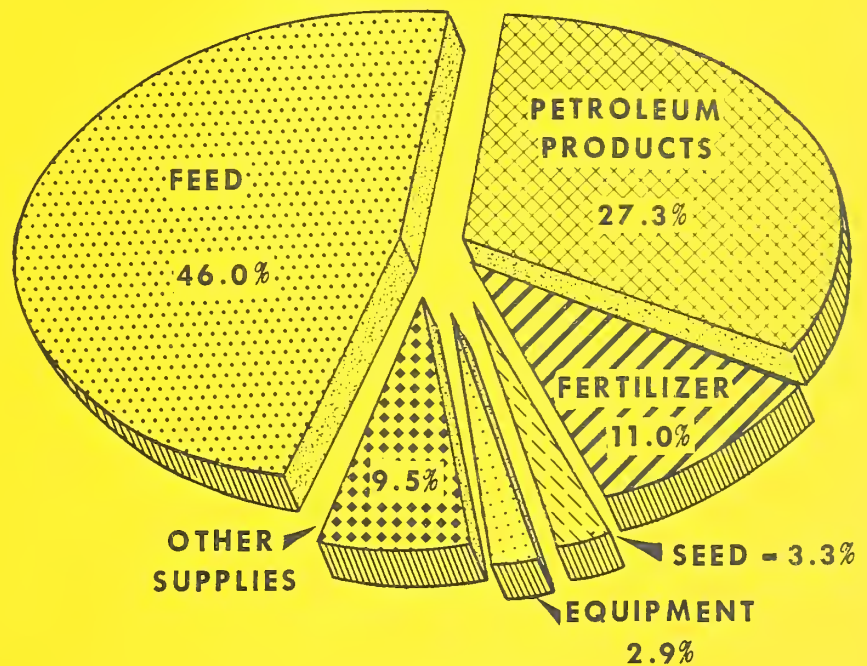
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HANDBOOK

on MAJOR REGIONAL FARM SUPPLY COOPERATIVES 1953 & 1954

BY
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AND
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1954 VOLUME



FARMER COOPERATIVE SERVICE
U. S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

FARMER COOPERATIVE SERVICE
U. S. DEPARTMENT OF AGRICULTURE
WASHINGTON 25, D. C.

JOSEPH G. KNAPP, ADMINISTRATOR

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, financing, merchandising, quality, costs, efficiency, and membership.

The Service publishes the results of such studies; confers and advises with officials of farmers' cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

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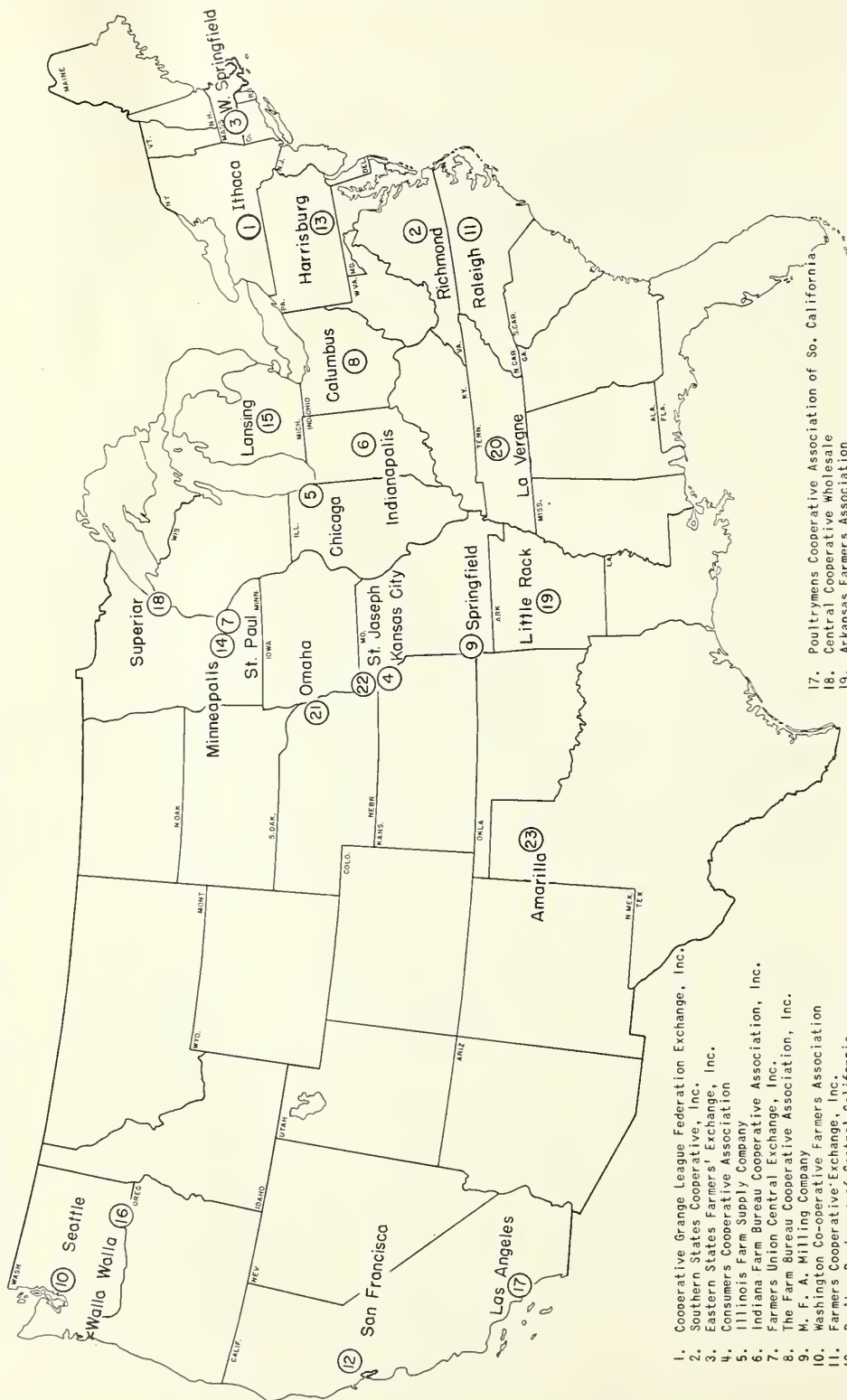
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LOCATION OF 23 MAJOR REGIONAL FARM SUPPLY COOPERATIVES



1. Cooperative Grange League Federation Exchange, Inc.
2. Southern States Cooperative, Inc.
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22. M. F. A. Cooperative Grain and Feed Company
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NOTE: ASSOCIATIONS ARE NUMBERED ACCORDING TO VOLUME OF RETAIL AND WHOLESALE PURCHASING BUSINESS FOR 1954

HANDBOOK ON MAJOR REGIONAL FARM SUPPLY COOPERATIVES, 1953 AND 1954

By

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and

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Marketing Division

Publication of this handbook was begun at the outset of World War II. Officials of several regional cooperatives indicated the need for a publication which would point out to Federal and State agencies the importance of these organizations in providing farmers with essential production supplies during the war period. Since then the handbooks also have been used by farmer cooperative leaders, educational agencies, and others to obtain a better understanding of the operations of regional farm supply associations, and to follow trends and progress in their services and benefits to farmers.*

Part I of this handbook gives information for each of 23 major regional farm supply cooperatives in the United States for their fiscal years ending in 1953 and 1954. These associations each normally do more than \$5 million of farm supply business annually. They are listed according to the amount of their total wholesale and retail supply business for 1954. Although there is wide variation in the forms of organization, methods of operation, and accounting and reporting practices followed by these associations, effort has been made to present information on a comparable basis. Part II summarizes information for the group for 1953 and 1954. A small number of regional farm supply cooperatives doing more than \$5 million of supply business annually are not included in this report.

Nineteen of the 23 cooperatives performed wholesale services for retail cooperative outlets of various types. The other four associations distributed all supplies direct to individual patrons. Five of the former group did both wholesale and retail business. Twelve of the 23 associations also marketed farm products.

Many major regional marketing cooperatives also performed extensive farm supply services. The value of supplies distributed by three of these marketing associations, each doing more than \$5 million of farm supply business in 1954, is shown in the Appendix.

Note: The information presented in this report on individual associations was provided and authorized by each organization. Appreciation is expressed to officials of the associations for their cooperation and to Martin A. Abrahamsen, Purchasing Division, Farmer Cooperative Service, for helpful review of the report.

PART I

ASSOCIATION REPORTS FOR 23 MAJOR REGIONAL FARM SUPPLY
COOPERATIVES FOR FISCAL YEARS ENDING IN 1953 AND 1954

Principal items considered for each of the 23 associations include: Date of organization, area of service, types of local outlets, types and volume of supplies handled, distribution of margins, revolving of capital and financial condition.

COOPERATIVE GRANGE LEAGUE FEDERATION EXCHANGE, INC.

The Cooperative Grange League Federation Exchange, Inc., known as the G.L.F., was organized June 28, 1920. It serves farmers in New York, New Jersey, and the northern tier of counties in Pennsylvania--roughly the territory known as the "New York Milkshed." Its administrative offices are in Ithaca, N. Y.

The G.L.F. is a centralized cooperative. Its board of directors is responsible directly to farmer-members. Membership is determined by ownership of common stock and bona fide farm operation. Any farmer-patron who owns at least one \$5 share of G.L.F. common stock qualifies as a member.

Since it performs manufacturing, processing, wholesaling, transportation, and retailing services, G.L.F. is an integrated organization. At the end of the fiscal year, June 30, 1954, G.L.F. was providing these services for about 164,000 regular farmer-patrons and 58,500 non-farmers. Farmer-patrons qualifying as members numbered about 115,200.

On June 30, 1954, the G.L.F. was serving its patrons through the following types of retail outlets:

<u>Retail outlets</u>	<u>Number</u>
G.L.F. retail service stores (including 5 full branches and 3 zero food branches)-----	245
G.L.F. petroleum cooperatives ¹ -----	69
G.L.F. agent buyers-----	277
Independent local cooperatives-----	24
Supplementary agents-----	18
Farmer agents-----	<u>7</u>
Total-----	640

The retail service stores are cooperative corporations managed by G.L.F. They distribute farm supplies and in some cases market farm products for patrons. The Exchange holds all of their common stock in trust for the local patrons. Local farmers own the preferred stock. Annual meetings

¹Includes 2 branches and 1 retail filling station.

are held at which member committees are elected. The member committee has many of the powers of a local board of directors. These stores are financed centrally and are supervised through management contracts that may be canceled at any time by the service stores. G.L.F. petroleum cooperatives are organized in a similar way except that they are located so as to perform a specialized petroleum service for patrons over wider areas. Between 60 and 65 percent of G.L.F.'s wholesale volume is distributed through these service stores and petroleum cooperatives.

Agent-buyers are private business operators who have been granted franchises to handle G.L.F. farm supplies in accordance with association policies. The independent local cooperatives are locally controlled farmers' cooperatives handling G.L.F. farm supplies on the same basis as agent-buyers. In many cases they primarily are local marketing associations with purchasing as an additional service. Supplementary agents are merchants, or others, who handle certain G.L.F. products such as fertilizer, or seed, but not the complete line. Approximately 35 to 40 percent of G.L.F.'s wholesale volume is distributed through agent-buyers, independent local cooperatives, and supplementary agents.

These various types of retail outlets obtain supplies for redistribution under the same wholesale terms through the manufacturing plants and warehouses that G.L.F. maintains at Buffalo, Albany, and other strategically located terminal centers. They also obtain supplies from other commercial sources.

The wholesale value of supplies distributed by G.L.F. to all types of associated retail outlets for the fiscal years ending June 30, 1953 and 1954, was as follows:

<u>Commodities</u>	<u>²1953</u>	<u>1954</u>
Feed, grain, flour, and cereals-----	\$101,266,293	\$94,675,074
Fertilizer and lime (including shells, bedding, etc.)-----	15,682,109	15,018,504
Petroleum products-----	13,439,369	14,569,209
Tires, tubes, and auto supplies-----	1,251,472	1,139,081
Seed and seed potatoes ³ -----	5,594,080	5,358,858
Hardware (tools)-----	732,444	502,703
Refrigeration equipment-----	1,538,239	1,189,825
Farm equipment and parts-----	2,393,200	2,554,811
Steel and other metal products ⁴ -----	3,027,913	3,074,619
Building material, paint, roofing, etc.-----	2,011,720	2,011,230
Insecticides, sprays and farm chemicals-----	2,800,592	3,170,500
Package materials-----	634,363	706,014
Rope and twine-----	918,418	1,247,510
Lawn and garden equipment-----	-	469,891
Miscellaneous ⁵ -----	1,564,682	1,026,303
Total-----	152,854,894	146,714,132

²Revised.

³Does not include shipments to non-G.L.F. outlets of about \$950,000 in each year.

⁴Includes wire, nails, roofing, pipe and related items.

⁵Includes ladders, mowers (in 1953), sprayers, and other commodities.

The value of supplies obtained at retail by farmers through local G.L.F. managed retail outlets for the years ending June 30, 1953, and 1954 was as follows:

<u>Sources of supplies</u>	<u>1953</u>	<u>1954</u>
G.L.F. retail service stores-----	\$109,567,334	\$100,771,994
G.L.F. petroleum cooperatives-----	19,070,675	20,159,459
Total-----	⁶ 128,638,009	120,931,453

In addition, the above retail outlets performed services for the patrons, such as grinding, etc., valued at-----

	\$ 3,262,419	\$ 3,323,266
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In some areas, G.L.F. also gives cooperative marketing services. The principal products marketed are eggs, grain, and beans. Marketing is mainly through retail service stores, with some separate facilities maintained for eggs and beans. The following types of marketing facilities were maintained on June 30, 1954:

<u>Marketing facilities</u>	<u>Number</u>
Grain elevator-----	1
Bean plants-----	3
Terminal egg sales agencies-----	5
Country egg stations-----	7
Terminal sales agency for beans, wheat, and other grains-----	1
Cold storage plant-----	1
Transportation service unit-----	1

The value of farm products marketed by G.L.F. for the years ending June 30, 1953 and 1954, follows:⁷

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Eggs-----	\$11,817,906	\$11,712,955
Fruits and vegetables-----	1,431,102	860,456
Grain-----	9,979,746	7,483,652
Beans-----	3,154,022	3,711,778
Hay and straw-----	476,339	645,853
Miscellaneous and unclassified-----	136,346	131,077
Total-----	26,995,461	24,545,771

⁶Revised.

⁷Includes marketing by service stores.

In addition, in 1953 these marketing units purchased egg cases, seed beans and grain, containers, fertilizer and sprays, and performed storage and other services valued at \$1,314,398. In 1954 the value of these items was \$1,209,353.

Net margins of the combined G.L.F. system available for distribution to patrons totaled \$3,024,250 in 1953 and \$5,191,440 in 1954. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Cash dividends on stock-----	\$1,738,884	\$1,792,941
Patronage refunds:		
Cash-----	1,135,865	1,348,039
Letters of advice-----	124,248	180,762
Additions to capital reserves-----	<u>25,253</u>	<u>1,869,698</u>
 Total-----	 3,024,250	 5,191,440

Of these total net margins approximately 51 percent in 1953 and 58 percent in 1954 were derived from manufacturing, wholesale purchasing, and regional marketing operations; and the remaining proportions were derived from local retail and marketing operations.

The financial condition of the combined G.L.F. system, including whole-sale divisions, financing and credit subsidiaries, retail service stores, petroleum cooperatives and marketing associations as of June 30, 1953 and 1954, is shown in the following condensed consolidated balance sheet:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$40,128,119	\$43,357,641
Fixed assets (net)-----	26,917,394	28,315,977
Other assets (investments)-----	<u>8,797,508</u>	<u>8,651,016</u>
 Total-----	 75,843,021	 80,324,634
 Liabilities and patrons' equities:		
Current liabilities-----	8,891,267	11,933,047
Other liabilities-----	7,933,333	6,800,000
Capital stock and patrons' equities-----	<u>59,018,421</u>	<u>61,591,587</u>
 Total-----	 75,843,021	 80,324,634

The following tabulation shows the number and value of the principal facilities owned and operated by G.L.F. and its affiliated service stores; and petroleum and marketing cooperatives on June 30, 1954:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Feed mills-----	4	\$9,068,232	\$6,339,323
Fertilizer and insecticide plants---	13	4,135,189	2,838,168
Seed cleaning plants-----	8	1,206,752	760,323
Wholesale farm supply warehouses----	8	1,138,991	704,363
Petroleum bulk storage terminals----	7	1,838,477	1,529,543
Retail service stores-----	242	16,970,323	11,644,386
Bulk petroleum plants-----	69	3,742,946	1,689,280
Marketing warehouse, storage, and processing plants-----	26	1,715,081	1,282,760
Office building-----		1,304,451	753,318
Freezer-locker plants-----	3	157,626	53,662
Flour and cereal mill and elevators-----	2	273,740	190,313
Radio network-----	5	259,328	222,237
Other facilities-----	8	437,540	308,301
Total-----		42,248,676	28,315,977

In addition to these facilities, G.L.F. had \$774,699 invested in federations of regionals owned jointly with other cooperatives, which operated various manufacturing and wholesaling facilities.

On June 30, 1954, the G.L.F. system had 4,367 employees. Of these, 345 were engaged in general administrative activities; 505 in wholesale distribution, 782 in manufacturing and processing operations; 2,502 in retail distribution; and 233 in marketing farm products. These figures do not include retail employees of independent cooperatives or agent-buyers and their employees who may spend most of their time in distributing G.L.F. farm supplies. The figures for the three operating groups include administrative, accounting, and clerical employees.

SOUTHERN STATES COOPERATIVE, INC.

The Southern States Cooperative, Inc., Richmond, Va., was organized on July 21, 1923, as the Virginia Seed Service. It was reorganized in 1933 under its present name. At the end of its operating year on June 30, 1954, it was furnishing supplies through local cooperatives, service agencies and farmer agents to approximately 283,786 members in Virginia, West Virginia, Kentucky, Maryland, Delaware, and Tennessee. The number of non-farmers served was estimated at 49,987. Substantially all its patrons were farmers and 80 percent were members. A farmer-patron becomes a member by acquiring ownership of one or more shares of \$1 par value voting stock issued in payment of patronage refunds.

On June 30, 1954, the Southern States Cooperative was serving its patrons through the following types of retail outlets:

<u>Retail outlets</u>	<u>Number</u>
Local affiliated cooperatives:	
Farm supply stores with management contracts-----	122
Farm supply stores without management contracts-----	52
Petroleum service plants with management contracts-----	25
Locker plants with management contracts-----	1
Service agencies (privately owned)-----	<u>512</u>
 Total-----	 712

Local affiliated cooperatives with management contracts are separately incorporated associations whose boards of directors have employed Southern States to perform certain management, accounting, auditing, and financial services on a fee basis. Approximately 43 percent of Southern States' wholesale volume is distributed through these farm supply and petroleum cooperatives. Those without management contracts are independent cooperatives which use the association as a wholesale source of supply.

Service agencies are private retail farm supply dealers who have been awarded the Southern States franchise by the local membership. Under the terms of this franchise, dealers handle the supplies under agreed-upon conditions. Approximately 57 percent of the association's wholesale volume is distributed through these agencies and the farm supply cooperatives without management contracts.

Feed and fertilizer manufacturing operations of Southern States Cooperative are conducted by several subsidiary cooperatives. These subsidiary manufacturing cooperatives are jointly owned by a number of wholesale farm purchasing cooperatives that use them as a source of a portion or all of their feed and fertilizer requirements. In addition to Southern States Cooperative, these associations are the Farmers Cooperative Exchange, Raleigh, N. C.; Pennsylvania Farm Bureau Cooperative Association, Harrisburg, Pa.; Farm Bureau Cooperative Association, Columbus, Ohio; and Cotton Producers Association, Atlanta, Ga. Ownership is in proportion to use or patronage and is annually adjusted to maintain ownership on that basis. Each of the participating cooperatives pays its exact share of operating expenses and therefore obtains manufacturing service at cost.

The value of supplies distributed at wholesale, together with the value of supplies manufactured for the account of affiliated regional

cooperatives, for the fiscal years ending June 30, 1953 and 1954, was as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$55,788,175	\$56,475,246
Fertilizer-----	10,160,310	10,540,397
Seed-----	6,906,270	6,958,435
Petroleum products and equipment-----	6,914,087	7,752,711
Auto accessories-----	758,814	776,588
Farm equipment and tools-----	1,347,370	1,605,575
Hardware and steel products-----	3,493,628	3,676,501
Paint and asphalt-----	665,682	859,559
Insecticides, sprays, and chemicals-----	1,374,678	1,615,477
Electrical equipment and appliances-----	1,298,259	1,050,793
Miscellaneous-----	65,680	119,091
Total-----	88,772,953	91,430,373

Supplies manufactured for the account of other regional cooperatives totaled \$16,550,012 in 1953 and \$16,776,891 in 1954.

The value of supplies distributed at retail outlets managed by Southern States Cooperative amounted to \$43,089,993 in 1953 and \$46,670,702 in 1954.

Southern States Cooperative has marketing services for several farm products produced by members. On June 30, 1954, the association operated five terminal egg sales agencies and a terminal grain marketing service.

The value of farm products marketed through Southern States Cooperative follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Eggs-----	\$2,500,997	\$2,745,686
Grain-----	5,061,735	5,240,331
Total-----	7,562,732	7,986,017

Net margins available for distribution to patrons on S.S.C. wholesale, retail, and marketing operations totaled \$3,001,327 in 1953 and \$5,653,579 in 1954. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>⁸1953</u>	<u>1954</u>
Cash dividends on stock-----	\$1,000,860	\$1,120,956
Patronage refunds:		
Cash-----	706,573	1,127,194
Stock and equities-----	1,373,961	3,295,884
Retained in reserves and adjustments-----	482	109,545
Sub-total-----	3,081,876	5,653,579
Net decrease in undistributed savings-----	80,549	-
Total-----	3,001,327	5,653,579

⁸Revised.

Of these total net margins approximately 67 percent in 1953 and 81 percent in 1954 were derived from manufacturing and wholesale purchasing operations, and the remaining proportions were derived from local retail and marketing operations.

For the year ending June 30, 1953, the association retired voting stock amounting to \$43,300, issued originally in the payment of patronage refunds. For the year ending June 30, 1954, the redemptions totaled \$98,000. For many years the policy has been to call and retire at par value the voting stock issued 10 years previous.

The financial condition of Southern States Cooperative, Inc., its wholly owned subsidiaries and partly owned manufacturing subsidiaries, and its affiliated local retail cooperatives, on June 30, 1953 and 1954, is shown in the following consolidated financial statements:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$22,324,848	\$21,580,140
Fixed assets (net)-----	13,676,528	15,604,448
Other assets-----	<u>7,307,439</u>	<u>7,425,891</u>
Total-----	43,308,815	44,610,479
Liabilities and net worth:		
Current liabilities-----	3,476,079	4,635,636
Deferred liabilities-----	7,762,311	3,913,815
Net worth or members' or patrons' equities--	<u>32,070,425</u>	<u>36,061,028</u>
Total-----	43,308,815	44,610,479

The following is a tabulation of the number and value of facilities owned and operated by the Southern States Cooperative, Inc., its subsidiaries and affiliated local cooperatives on June 30, 1954:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Headquarters building-----	1	\$2,150,177	\$1,779,912
Poultry and egg marketing outlets---	5	260,736	169,539
Frozen-food locker plants-----	5	242,892	164,398
Feed mills-----	4	4,867,300	3,655,856
Fertilizer plants-----	5	2,222,902	1,670,784
Seed cleaning plants and wholesale farm supply warehouses-----	10	3,024,696	2,189,236
Southern States Cooperative retail service stores-----	126	5,333,730	4,244,121
Bulk petroleum plants-----	25	1,513,717	1,005,164
Petroleum terminals and transport equipment-----	3	454,505	332,655
Research and analysis laboratory----	1	14,640	2,524
Grain marketing facility-----	1	12,141	5,344
Other facilities-----		<u>697,064</u>	<u>384,915</u>
Total-----		20,794,500	15,604,448

In addition to these facilities, Southern States Cooperative had \$350,900 invested in jointly owned federations of regionals which operated various manufacturing and wholesaling facilities.

On June 30, 1954, Southern States Cooperative had 2,166 employees. Of these 699 were engaged in general administrative activities, 760 in manufacturing and processing operations, 30 in wholesale distribution, 655 in retail distribution, and 22 in marketing farm products.

EASTERN STATES FARMERS' EXCHANGE, INC.

The Eastern States Farmers' Exchange, Incorporated, with headquarters in West Springfield, Mass., was organized on January 28, 1918. In 1954, it was serving 192,247 patrons in the six New England States, Pennsylvania (except for the northern tier counties), Delaware, and Maryland.

Membership in Eastern States is determined by patronage. The association has no capital stock or membership fees. Every farmer who purchases through the association becomes a member and remains a member for the calendar year following the date of his last purchase. Less than 5 percent of the 1954 volume of business was with non-farmer patrons.

Patrons are served by 430 farmer-representatives, 15 independent cooperatives that also serve as representatives, and 82 regional branch warehouses strategically located to supplement local car-door distribution.

Eastern States is an integrated farmers' non-stock, non-profit cooperative agency for procuring production supplies for its members. It processes a large proportion of the items it handles.

The value of supplies distributed to patrons for the fiscal years ending December 31, 1953 and 1954, was as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed and grain-----	\$72,375,086	\$69,429,804
Field seeds-----	2,771,917	2,651,364
Seed potatoes-----	1,062,453	543,970
Vegetable seeds-----	387,385	400,527
Fertilizer and lime-----	7,334,577	7,735,017
Spray and dust materials-----	1,543,579	1,888,517
Miscellaneous (roofing, paints, lubricants, and similar products) ⁹ -----	3,001,624	3,298,577
Total-----	88,476,621	85,947,776

⁹Approximately 16 percent of this volume consisted of building supplies and the remaining 84 percent was miscellaneous production supplies.

Total net savings available for distribution to patrons amounted to \$3,855,996 in 1953 and \$3,790,178 in 1954. Distribution of these net savings was as follows:

<u>Distribution of net savings</u>	<u>1953</u>	<u>1954</u>
Patronage refunds in cash-----	\$2,255,996	\$2,440,178
Amount allocated to patrons and retained-----	<u>1,600,000</u>	<u>1,350,000</u>
Total-----	3,855,996	3,790,178

The association has no revolving capital plan currently in use.

The financial statements for Eastern States Farmers' Exchange as of December 31, 1953 and 1954 were as follows:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$15,790,358	\$15,197,796
Fixed assets (net)-----	21,486,787	21,743,940
Other assets-----	<u>1,387,858</u>	<u>1,202,410</u>
Total-----	38,665,003	38,144,146
Liabilities and net worth:		
Current liabilities-----	4,406,775	5,535,918
Fixed indebtedness-----	9,600,000	6,600,000
Net worth (patrons' equities)-----	<u>24,658,228</u>	<u>26,008,228</u>
Total-----	38,665,003	38,144,146

All net worth or patrons' equities in this non-stock farmers' cooperative has been accumulated through retained savings. In other words, each patron has contributed to the structure in proportion to the use he has made of the services provided.

On December 31, 1954, Eastern States had 1,613 employees. Of these 474 were engaged in general and administrative activities; 732 in manufacturing and processing operations; and 407 in distributing through its warehouses.

CONSUMERS COOPERATIVE ASSOCIATION

Consumers Cooperative Association (CCA), with headquarters in Kansas City, Mo., was organized in 1929. As of August 31, 1954, CCA was serving 1,662 local and regional member associations. Local member cooperatives mainly are located in Colorado, Iowa, Kansas, Missouri, Nebraska, South Dakota, Oklahoma and Wyoming. These associations, in turn, serve approximately 460,000 patrons, about 98 percent of them farmers. (Only two-tenths of 1 percent of the co-ops were under management or supervision agreements with CCA.)

Crude oil production, pipe line transportation and refinery operations are carried on by a wholly-owned subsidiary, the Cooperative Refinery Association (CRA). CCA's and CRA's production and manufacturing operations provide practically all of the refined fuels, lube oil and grease, and most of the feed, fertilizer, lumber, and paint supplied to patrons.

CCA has two other wholly-owned subsidiaries - Cooperative Insurance Agency and Cooperative Finance Association, Inc. - which provide insurance and financing services to member local cooperatives.

A consolidated summary of merchandise furnished by CCA and its subsidiary, CRA, follows:

<u>Commodities</u>	<u>¹⁰1953</u>	<u>1954</u>
Petroleum products-----	\$59,476,533	\$64,499,268
Feed-----	8,667,464	6,191,123
Fertilizer-----	4,254,219	4,905,077
Lumber, paint and building supplies-----	4,253,646	4,339,408
Farm machinery and general equipment-----	1,451,198	1,213,403
Tires, tubes and auto accessories-----	2,293,510	2,666,187
Insecticides-----	551,479	606,954
Appliances-----	592,880	428,473
Groceries, drugs and sundries-----	1,945,320	329,759
Miscellaneous-----	563,911	560,576
Total-----	84,050,160	85,740,228

Total consolidated net margins of CCA and its three wholly owned subsidiaries available for distribution to patrons totaled \$1,110,775 in 1953 and \$465,643 in 1954. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>¹⁰1953</u>	<u>1954</u>
Cash dividends on stock-----	\$18,337	\$26,055
Patronage refunds:		
Cash-----	1,162	202,619
Revolving funds-----	204,408	1,610
Common stock-----	137	4,007
Preferred stock-----	0	363,503
Additions to surplus-----	886,731	-132,151
Total-----	1,110,775	465,643

No deferred refunds were retired in the 1953 fiscal year. In the 1954 fiscal year, 35 percent of the current patronage refund and 11 percent of the 1947 deferred refund were paid in cash in the amount of \$374,096.

¹⁰Revised.

The association has now retired all deferred patronage refunds through 1946.

The consolidated balance sheets of the Consumers Cooperative Association and the Cooperative Refinery Association for the years ending August 31, 1953 and 1954 were as follows:

	<u>1¹1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$25,918,991	\$21,321,363
Fixed assets (net)-----	29,544,201	27,125,456
Other assets-----	<u>20,232,876</u>	<u>18,011,363</u>
Total-----	75,696,068	66,458,182
Liabilities and net worth:		
Current liabilities-----	20,099,248	13,220,455
Other liabilities-----	30,753,885	27,660,645
Net worth-----	<u>24,842,935</u>	<u>25,577,082</u>
Total-----	75,696,068	66,458,182

The principal facilities owned and operated by CCA and CRA on August 31, 1954, were as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Petroleum refineries-----	3	\$13,342,373	\$8,922,720
Crude oil production:			
Facility (equipment)-----		8,303,095	5,612,280
Oil reserve (leaseholds)-----		11,805,959	3,860,516
Pipe lines (miles)-----	1,019	4,817,325	3,811,451
Distribution and transportation:			
Warehouses and terminals-----	10	679,461	478,126
Highway transports-----	88	932,216	331,280
Manufacturing:			
Facilities-----	10	4,194,636	2,886,673
Timber-----		1,614,080	666,074
Administrative building and equipment-----		613,145	272,319
Non-operating buildings and equipment-----		<u>369,814</u>	<u>284,017</u>
Total-----		46,672,104	27,125,456

In addition to these facilities, CCA owns 75 percent of the common stock of the Cooperative Farm Chemicals Association (CFCA), incorporated

¹¹Revised.

October 5, 1951, for the purpose of building and operating an agricultural nitrogen fixation plant at Lawrence, Kans. This plant, costing about \$16.6 million, has a rated annual capacity of 110,000 tons of nitrogenous fertilizer. One-fourth of the common stock of CFCA was purchased by Central Farmers Fertilizer Company, a federation of regional cooperatives, during the year. This organization will take one-fourth of the output and the remainder will be distributed to farmers through facilities of CCA or used for mixing in CCA's other fertilizer plants. As this plant did not begin operations until after August 31, 1954, no financial or operating data have been included for this plant. CCA's total investment in this plant amounts to \$9,632,550; \$6,000,000 in 60,000 shares of common stock and \$3,632,550 in notes receivable.

CCA and CRA have also invested \$7,008,600 in federations of regional cooperatives owned jointly with other associations which operate various manufacturing and wholesale facilities.

The Consumers Cooperative Association and its subsidiary corporations had 1,811 employees on August 31, 1954: 318 engaged in general administrative activities; 828 in oil production and refining; 276 in manufacturing plants (other than refining); and 389 in wholesale distributing, including transportation terminals and warehouses.

ILLINOIS FARM SUPPLY COMPANY

The Illinois Farm Supply Company, with headquarters in Chicago, was organized in 1927. At the end of its operating year on August 31, 1954, it was providing manufacturing and wholesale farm supply services for member associations throughout Illinois. These consisted of 100 cooperative petroleum, feed, and fertilizer service companies that operate over county-wide areas. These member associations in turn served about 150,000 patrons, of whom 97 percent were farmers. Member associations must be organized under the Agricultural Cooperative Act of Illinois and must be engaged wholly or partly in distributing farm supplies cooperatively. All of these associations were under management or supervision agreements with Illinois Farm Supply Company.

The value of supplies distributed at wholesale by the Illinois Farm Supply Company during the fiscal years ending August 31, 1953 and 1954, was as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$13,608,518	\$14,560,517
Fertilizer-----	11,292,513	11,458,188
Petroleum products-----	31,358,246	32,467,153
Tires, tubes, and accessories-----	750,553	809,168
Farm equipment-----	481,348	950,038
Steel products-----	996,808	688,925
Lumber, paint, and other maintenance equipment	691,833	693,801
Insecticides-----	494,387	605,926
Twine-----	55,822	88,074
Anti-freeze and office supplies-----	190,147	127,975
Total-----	59,920,175	62,449,765

Total net margins from all manufacturing, wholesaling, and transportation operations available for distribution to patrons amounted to \$2,688,983 in 1953 and \$2,959,611 in 1954. The distribution of these net margins was as follows:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Cash dividends on stock-----	\$221,597	\$230,088
Patronage refunds:		
Cash-----	1,867,386	1,929,523
Capital stock-----	300,000	300,000
Retained in surplus-----	<u>300,000</u>	<u>500,000</u>
 Total-----	 2,688,983	 2,959,611

The financial condition of the Illinois Farm Supply Company on August 31, 1953 and 1954 was as follows:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$10,194,876	\$14,054,656
Fixed assets (net)-----	5,506,796	5,889,824
Other assets ¹² -----	<u>3,581,715</u>	<u>3,962,253</u>
 Total-----	 19,283,387	 23,906,733
Liabilities and net worth:		
Current liabilities-----	5,257,311	5,590,959
Other liabilities-----	2,965,000	6,465,000
Net worth or members equities-----	<u>11,061,076</u>	<u>11,850,774</u>
 Total-----	 19,283,387	 23,906,733

On August 31, 1954, 68 percent of the net worth had been accumulated through the sale of stock, while 32 percent represented retained savings.

The Illinois Farm Supply Company has one wholly-owned subsidiary - the Loudon Pipeline Company - which operates crude oil pipelines and a small amount of production properties. Only the investment which the Illinois Farm Supply Company has as capital stock in this subsidiary is included in its balance sheet.

¹²Other assets include investments in a wholly-owned pipeline subsidiary and in an allied company which owns 4 refineries, plus various small investments.

The type and value of the principal operating facilities owned by the Illinois Farm Supply Company and its wholly-owned subsidiary as of August 31, 1954, were as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Feed mills-----	2	\$1,595,669	\$1,216,768
Marine terminal bulk petroleum plants	3	1,024,461	785,035
Transport trucks-----		683,042	378,778
Barges and towboats-----		1,080,086	784,666
Tire recapping plant-----		8,217	344
Plant food plant-----	1	1,795,511	1,343,970
Petroleum refinery-----	1	1,639,020	842,339
Other facilities-----		165,626	100,520
Construction in progress-----		437,404	437,404
Sub-total-----		8,429,036	5,889,824

Properties owned by its subsidiary, Loudon Pipeline Co., included in "other assets" were as follows:

Pipeline-----	\$523,256	\$150,163
Crude oil properties-----	21,519	3,044
Sub-total-----	544,775	153,207
Total facilities-----	8,973,811	6,043,031

In addition to these facilities, Illinois Farm Supply Company had \$3,034,891 invested in jointly owned federations of regional coöperatives and allied companies which operated various refining, producing, manufacturing, and wholesaling facilities.

The Illinois Farm Supply Company and its subsidiary had 666 employees on August 31, 1954 of which 100 were engaged in general administration, 310 in manufacturing and processing operations, and 256 in wholesale distribution, including transportation and warehousing.

INDIANA FARM BUREAU COOPERATIVE ASSOCIATION, INC.

The Indiana Farm Bureau Cooperative Association, Inc., with headquarters in Indianapolis, Ind., was organized in its present form in February 1927. At the end of its operating year, December 31, 1954, it was serving 85 county farm bureau cooperatives in Indiana¹³ and 1 in Kentucky. These 86 associations distribute supplies to approximately 140,000 patrons, about 90 percent of them farmers. None of the county associations were under management and financing arrangements with the State organization.

¹³Many of these county cooperatives also market grain, wool, poultry, eggs, and other products.

It distributed supplies at wholesale during 1953 and 1954 as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$10,057,278	\$11,741,796
Seed-----	1,500,488	2,112,931
Fertilizer-----	9,631,748	11,545,397
Gas, oil, and grease-----	17,770,829	20,042,699
Tires, tubes, and other accessories-----	418,297	462,168
Farm machinery and parts-----	1,841,434	1,691,031
Farm equipment-----	433,365	380,889
Steel products-----	1,882,796	2,819,863
Lumber, paint, and other maintenance equipment-----	3,242,516	3,523,836
Insecticides-----	694,899	797,521
Electrical equipment and appliances-----	931,227	349,020
Twine-----	74,023	84,845
Coal-----	457,571	443,542
Chicks, eggs, and turkey poults-----	342,972	261,872
Hog serum and virus-----	162,429	163,790
Miscellaneous-----	612,082	375,103
Total-----	50,053,954	56,796,303

The association has moved into the field of marketing in recent years. Its first venture was in March 1947 when it started the Poultry and Egg Department. In October 1947 the Indiana Wool Growers merged with the association and in October 1949 the directors of the Indiana Grain Cooperative voted to merge with the association. On January 1, 1954, the Indiana Grain Marketing Division of the association was serving 140 locally owned cooperative elevators in the State.¹⁴

The sales value of farm products marketed by the association during 1953 and 1954 was as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Grain-----	\$78,275,389	\$79,126,299
Poultry-----	25,627	14,364
Eggs-----	1,675,991	1,360,198
Wool-----	32,584	924,242
Total-----	80,009,591	81,425,103

¹⁴ While grain accounted for approximately 57 percent of total business during 1954, it seemed advisable to continue to include this association in Part I of this Handbook because (1) for many years before its merger with the Indiana Grain Cooperative, it was included as a major farm supply regional and it is thus desirable to maintain continuity of information on major supply operations in the country, and (2) the fact that by far the larger proportion of the association's facilities, capital, net savings, and personnel were accounted for by the supply business.

In 1953 the Wool Department handled 1,557,000 pounds or approximately 65 percent of the production in the State. In 1954 the volume handled was 1,752,000 pounds or approximately 71 percent of the production in the State. The 1953 wool clip had not been completely sold as of December 31, 1953, thus accounting for the small sales shown above.

In its fiscal year ending December 31, 1953, the Grain Division marketed 41,537,000 bushels of grain for \$78,275,389. In its fiscal year ending December 31, 1954, it marketed 39,900,000 bushels of grain for \$79,126,299.

This cooperative had net margins from purchasing and marketing operations available for distribution to patrons of \$3,362,484 in 1953 and \$4,034,193 in 1954. The association distributed these net margins as follows:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Cash dividends on stock-----	\$306,889	\$320,704
Patronage refunds:		
Cash-----	763,899	952,789
Stock-----	<u>2,291,696</u>	<u>2,760,700</u>
Total-----	3,362,484	4,034,193

Common stock amounting to \$562,900 originally issued in payment of patronage refunds were retired during 1953 under a revolving capital plan. The amount retired in 1954 was \$721,800. As of December 31, 1954, the association had retired all common stock issued through 1945 and 40 percent of the stock issued in 1946. In January 1955, the remaining 60 percent of the 1946 stock totaling \$342,400 was retired.

The financial condition of the Indiana Farm Bureau Cooperative Association, Inc., on December 31, 1953 and 1954, is shown in the following condensed financial statements:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$25,412,812	\$28,047,752
Fixed assets (net)-----	16,439,240	16,702,731
Other assets ¹⁵ -----	<u>4,740,865</u>	<u>4,346,174</u>
Total-----	46,592,917	49,096,657
Liabilities and net worth:		
Current liabilities-----	7,386,395	8,633,868
Other liabilities-----	7,372,904	6,035,195
Net worth (capital and reserves)-----	<u>31,833,618</u>	<u>34,427,594</u>
Total-----	46,592,917	49,096,657

¹⁵Other assets include capital stock of its wholly-owned subsidiary-Farm Bureau Oil Company, crude oil properties, and stock in affiliates.

On December 31, 1954, the association reported that 76 percent of its net worth represented retained savings. The remaining 24 percent has been accumulated through the sale of stock.

At the close of 1954, the principal wholesale purchasing, manufacturing, and marketing facilities included:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Fertilizer plants-----	3	\$2,770,734	\$1,935,998
Seed cleaning plant-----	1	87,823	45,408
Wholesale farm supply warehouse----	1	534,538	435,130
Petroleum refinery (including products pipeline)-----	1	11,148,560	8,752,391
Transport trucks-----	31	351,285	143,005
General delivery trucks-----	37	78,496	35,354
Barges-----	7	281,048	217,874
General office building-----	1	420,655	359,382
Oil well equipment-----		2,481,434	1,166,254
Grain elevator-----	4	3,585,384	2,694,433
Serum plant-----	1	145,189	47,654
Transfer yard-----	1	105,401	100,779
Insecticide plant-----	1	192,679	168,262
Hatcheries-----	32	352,223	95,573
Poultry and egg plant-----	3	375,225	262,044
Other facilities-----		472,875	243,191
Sub-total-----		23,383,549	16,702,732
Crude oil properties-intangible cost		5,891,939	2,059,704
Property of subsidiary (Farm Bureau Oil Co.) crude oil pipeline and equipment-----		1,481,199	669,892
Total-----		30,756,687	19,432,328

On December 31, 1954, the Indiana Farm Bureau Cooperative Association had 1,107 employees. Of these, 231 were engaged in general and administrative activities; 291 in manufacturing and processing operations; 12 in retail distribution; 367 in wholesale distribution, including warehousing and transportation; and 206 in marketing farm products.

FARMERS UNION CENTRAL EXCHANGE, INC.

The Farmers Union Central Exchange, Inc., with headquarters at St. Paul, Minn., was organized in 1931. At the end of December 1954, it was serving 425 local member associations with approximately 150,000 patrons, 90 percent of them farmers, and 275 non-member cooperatives with 100,000 patrons, 90 percent of whom were farmers. The Exchange operates in North Dakota, South Dakota, Montana, Minnesota, Wisconsin, and Wyoming.

It distributed supplies at wholesale during 1953 and 1954 as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$2,700,229	\$3,237,210
Seed-----	420,317	443,424
Fertilizer-----	2,080,775	2,511,318
Petroleum products-----	33,909,539	36,377,464
Tires, tubes, and other accessories-----	3,401,919	4,302,581
Farm machinery-----	2,754,467	2,344,825
Milking machines-----	161,391	123,781
Paint-----	239,486	249,250
Hardware and building material-----	2,505,213	3,049,454
Electrical equipment and appliances-----	407,974	437,577
Twine-----	339,240	468,106
Agricultural chemicals-----	424,010	580,278
L.P. gas equipment-----	429,163	434,802
Oil equipment-----	480,471	550,307
Miscellaneous-----	154,012	192,886
Total-----	50,408,206	55,303,263

The Exchange derived net margins available for distribution to patrons for the last 2 years as follows:

<u>Source of net margins</u>	<u>1953</u>	<u>1954</u>
Manufacturing and wholesaling operations-----	\$4,049,552	\$4,095,641
Net savings in form of stock and stock credits from other cooperatives-----	933,852	1,321,587
Total-----	4,983,404	5,417,228

The association distributed these net margins as follows:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Cash dividends on stock-----	\$2,985	\$2,733
Patronage refunds in capital stock-----	4,054,852	4,234,380
Educational fund-----	198,141	190,056
Employees' saving-sharing fund-----	257,669	270,861
Retained in capital reserves-----	469,757	719,198
Total-----	4,983,404	5,417,228

Capital stock, amounting to \$2,062,650, originally issued in payment of patronage refunds, was retired in 1953 under a revolving capital plan.

The amount retired in 1954 was \$1,634,785. The association has now retired all such capital stock issued through 1946.

Condensed financial statements of the Farmers Union Central Exchange, Inc., for December 31, 1953 and 1954, follow:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$14,238,779	\$16,225,347
Fixed assets (net)-----	7,446,440	7,883,645
Other assets-----	846,167	1,165,734
Investments-----	<u>10,765,016</u>	<u>11,834,103</u>
Total-----	33,296,402	37,108,829
Liabilities and net worth:		
Current liabilities-----	5,666,457	6,583,525
Net worth (capital and reserves)-----	<u>27,629,945</u>	<u>30,525,304</u>
Total-----	33,296,402	37,108,829

Facilities owned and operated by the association at the close of 1954 included:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Wholesale farm supply warehouses-----	11	\$724,207	\$582,821
Oil blending plant and main buildings and equipment-----	1	1,541,458	1,152,481
Autos and trucks-----		483,505	321,912
Furniture and fixtures-----		537,924	286,493
Refinery property-----	1	8,087,271	5,250,112
Bottled gas plants and equipment-----	15	<u>397,620</u>	<u>289,826</u>
Total-----		11,771,985	7,883,645

In addition to these facilities, the Exchange had \$11,834,103 invested in federations jointly owned by regional cooperatives which operated manufacturing and wholesaling operations.

On December 31, 1954, the Farmers Union Central Exchange had 618 employees. Of these, 299 were engaged in general and administrative activities, 184 in manufacturing and processing operations, and 135 in wholesale distribution, including warehousing and transportation.

THE FARM BUREAU COOPERATIVE ASSOCIATION, INC.

The Farm Bureau Cooperative Association, Inc., with headquarters at Columbus, Ohio, was organized in its present form on July 31, 1933. At the end of its operating year, December 31, 1954, it was serving 87 member associations with approximately 222 distributing points in Ohio. These cooperative outlets served 200,000 patrons. Volume of business done with farmers represents about 90 percent of the total business done by these associations. Seventeen of the county cooperative associations were under management agreements with the State association, and of this number 7 had financing agreements.

This cooperative distributed supplies at wholesale during 1953 and 1954 as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$11,164,186	\$11,636,777
Fertilizer-----	6,225,595	7,036,802
Seed and seed potatoes-----	1,934,588	1,800,807
Petroleum products-----	14,143,856	13,847,143
Tires, tubes, and other accessories-----	171,420	221,972
Farm machinery and parts-----	2,115,814	2,044,743
General farm equipment-----	601,782	675,075
Lumber, paint, and other maintenance equipment-----	1,571,914	2,026,554
Insecticides and fungicides-----	493,566	536,509
Electrical equipment and appliances-----	822,276	743,800
Miscellaneous-----	805,847	630,169
Total-----	¹⁶ 40,050,844	¹⁷ 41,200,351

The value of grain marketed through The Farm Bureau Cooperative Association, Inc., was \$22,150,499 in 1953 and \$20,289,206 in 1954.

Net margins available for distribution to patrons totaled \$1,196,515 in 1953 and \$1,303,838 in 1954. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Cash dividends on stock-----	\$184,501	\$190,703
Patronage refunds:		
Cash-----	220,577	291,233
Securities-----	661,730	679,544
Amount retained in reserves-----	129,707	142,358
Total-----	1,196,515	1,303,838

¹⁶Includes \$30,284 of interdivision transactions.

¹⁷Includes \$102,136 of interdivision transactions.

Of these total net margins approximately 70 percent in 1953 and 85 percent in 1954 were derived from purchasing operations and the remaining proportions were derived from marketing operations.

Capital stock certificates amounting to \$443,250, originally issued in payment of patronage refunds, were retired during 1953 under a revolving capital plan. The amount retired in 1954 was \$438,150. The association has now retired all such stock issued through 1946.

The financial condition of The Farm Bureau Cooperative Association, Inc., as of December 31, 1953 and 1954, is shown in the following condensed financial statements:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$11,220,188	\$13,410,288
Fixed assets (net)-----	3,376,786	3,272,137
Other assets ¹⁸ -----	6,663,574	6,925,878
	<u> </u>	<u> </u>
Total-----	21,260,548	23,608,303
Liabilities and net worth:		
Current liabilities-----	4,506,377	6,388,978
Other liabilities-----	4,868,541	4,738,593
Net worth (capital and reserves)-----	11,885,630	12,480,732
	<u> </u>	<u> </u>
Total-----	21,260,548	23,608,303

Forty percent of the net worth was accumulated through the sale of stock and 60 percent was built up by savings.

The Farm Bureau Cooperative Association owns a subsidiary - the Louisville Refining Company, Louisville, Ky., which refines petroleum products and it in turn owned a subsidiary - The Producers Pipe Line Company - which produces and transports crude oil. Only the investments The Farm Bureau Cooperative Association has in capital stock in these subsidiaries are included in "other assets" in its balance sheet.

¹⁸Other assets in 1953 include investments of \$935,620 in feed, fertilizer, petroleum processing, and other facilities owned jointly with other cooperatives and \$5,136,332 in wholly-owned subsidiaries operating refining and pipeline facilities. In 1954 they include investments of \$869,439 in feed, fertilizer, petroleum processing and other facilities owned jointly with other cooperatives, and \$5,282,632 in wholly-owned subsidiaries operating refining and pipeline facilities.

The principal operating facilities owned and operated by The Farm Bureau Cooperative Association, Inc., and subsidiaries at the close of the 1954 fiscal year were:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Terminal grain elevator-----	1	\$1,730,419	\$1,362,343
Feed mills-----	3	783,217	340,399
Fertilizer plants-----	6	1,085,295	431,868
Insecticide plants-----	2	15,139	13,586
Seed plants-----	1	80,127	23,041
Wholesale farm supply warehouses----	1	203,071	112,314
Transport trucks (dry and liquid)---	25	398,838	98,356
Other facilities-----		1,199,320	774,486
Sub-total-----		5,495,426	3,156,393
Petroleum refinery (complete)-----	1	4,410,076	2,953,721
Boats and barges-----	5	254,565	124,544
Crude oil pipeline (miles) ¹⁹ -----	261	1,036,426	353,038
Crude oil properties-----		993,260	646,638
Total-----		12,189,753	7,234,334

On December 31, 1954, The Farm Bureau Cooperative Association, Inc., and its subsidiaries had 749 employees. Of these, 293 were engaged in general and administrative activities; 292 in manufacturing and processing operations; 127 in wholesale distribution, including warehousing and transportation; 8 in retail distribution; and 29 in marketing farm products.

M.F.A. MILLING COMPANY

The M.F.A. Milling Company, with headquarters in Springfield, Mo., was organized in 1923 and reorganized on its present basis in 1929. At the end of its operating year on June 30, 1954, it was serving 146 local M.F.A. farmers' cooperative exchanges with approximately 8,500 farmer-members. In addition, through arrangements with regional supply cooperatives in Arkansas, Mississippi and Tennessee and through direct arrangements with locals in Oklahoma, Kansas, Texas, and Louisiana, farmers obtain feed from M.F.A. Milling Company at 226 local outlets in these 7 States.

The M.F.A. Milling Company, the largest regional purchasing association affiliated with the Missouri Farmers Association, is owned by local MFA

¹⁹ 8 inch pipe - .43 miles
 6 inch pipe - 2.55 miles
 4 inch pipe - 31.35 miles
 3 inch pipe - 35.22 miles
 2 inch pipe - 191.44 miles

cooperatives in Southern Missouri. The local cooperatives, in turn, are owned by the MFA members they serve. The M.F.A. Milling Company is organized on a nonstock, nonprofit plan, and is financed by patrons' equities. Half of the board of directors is named by the local MFA exchanges it serves, which constitute its class B membership, and the other half is named by the State board of directors of the Missouri Farmers Association, which constitutes its class A membership. None of the local co-ops are under management or supervision agreements with the M.F.A. Milling Company.

M.F.A. Milling Company distributed supplies at wholesale as follows during the years ending June 30, 1953 and 1954:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$35,820,381	\$35,714,409
Seed-----	<u>1,394,960</u>	<u>1,245,012</u>
Total-----	37,215,341	36,959,421

The association had net margins available for distribution to patrons of \$1,418,612 in 1953 and \$1,557,235 in 1954. The association distributed these net margins as follows:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Patronage refunds in cash-----	\$421,003	\$1,557,235
Additions to membership equity reserves-----	<u>997,609</u>	<u>-</u>
Total-----	1,418,612	1,557,235

Under its revolving capital plan, the company retired in cash in 1953 the member equities for 1949 and 1950, totaling \$1,000,000. In 1954 it retired equities for 1950 and 1951 amounting to \$1,000,000.

The following condensed financial statements shows the financial condition of the M.F.A. Milling Company on June 30, 1953 and 1954:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$3,116,631	\$3,786,610
Fixed assets (net)-----	2,198,116	2,254,610
Other assets-----	<u>136,690</u>	<u>85,947</u>
Total-----	5,451,437	6,127,167
Liabilities and net worth:		
Current liabilities-----	318,730	887,837
Other liabilities-----	29,250	31,723
Net worth-----	<u>5,103,457</u>	<u>5,207,607</u>
Total-----	5,451,437	6,127,167

On June 30, 1954, the operating facilities of the M.F.A. Milling Company consisted of the following:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Total value of mill buildings, machinery, and equipment-----	3	\$3,172,128	\$2,168,485

The M.F.A. Milling Company, in June 1954, had 403 employees -- 251 at Springfield and 152 at Aurora. Of these, 19 were engaged in general and administrative activities; 370 in manufacturing and processing operations; and 14 in wholesale distribution and field service work.

WASHINGTON CO-OPERATIVE FARMERS ASSOCIATION

The Washington Co-operative Farmers Association, with headquarters in Seattle, Wash., was organized in February 1917 as the Washington Co-operative Egg & Poultry Association. Its name was changed in February 1945 when it broadened its membership requirements and scope of services. The association is a centralized cooperative. During 1954, it served 42,581 member farmers located throughout Washington.

Anyone engaged in the production of farm products in commercial quantities may become a member by paying a \$1 membership fee and 50 cents for the first year for a subscription to Washcoegg - the house organ of the association. Those wishing to market products through the association must sign marketing agreements covering the specified commodities marketed.

Patrons are served through 39 branch stations located throughout Washington in addition to the facilities at headquarters in Seattle. Poultry and poultry products, feed, and general farm supplies are handled by all stations. Only 5 have petroleum bulk plants, but in the areas of the other branch stations, oil products are delivered to farmers by the association's tank trucks direct from bulk plants of its supplier.

Washington Co-operative Farmers Association is an integrated organization which processes a large amount of the products it markets and the supplies it distributes to members.

The value of supplies and equipment it distributed to patrons during its fiscal years ended December 31, 1953 and 1954, was as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$20,393,517	\$21,634,858
Seed-----	428,120	360,370
Fertilizer-----	1,003,736	1,540,767
Petroleum-----	6,551,896	7,401,933
Other farm supplies and equipment-----	2,079,743	2,332,070
Total-----	30,457,012	33,269,998

Of the "other farm supplies and equipment", poultry and general equipment represented about 54 percent; building materials about 35 percent; and miscellaneous items the remaining 11 percent.

The association was originally formed as an egg and poultry marketing association and this still is one of its major functions. The value of products it marketed for patrons the last 2 years was as follows:

<u>Products</u>	<u>1953</u>	<u>1954</u>
Eggs and egg products-----	\$8,229,279	\$7,299,467
Dressed poultry-----	3,545,809	3,788,609
Dressed turkeys-----	2,521,328	2,049,104
Canned poultry and turkey-----	3,253,779	2,852,955
Seed-----	<u>237,565</u>	<u>250,918</u>
Total-----	17,787,760	16,241,053

Net margins available for distribution to patrons totaled \$2,529,848 in 1953 and \$2,631,207 in 1954. The association distributed these net margins as follows:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Interest on "finance fund" certificates-----	\$364,892	\$398,428
Extra payments on marketing and patronage refunds on purchasing issued as "finance fund" certificates-----	1,774,916	2,157,903
Amounts placed in rotating reserve fund-----	<u>390,040</u>	<u>74,876</u>
Total-----	2,529,848	2,631,207

This cooperative declares separate rates of extra payments on a patronage basis in its egg, poultry, cannery, turkey, and seed marketing departments and a separate patronage refund rate in its feed, seed, fertilizer, and farm supply departments.

As of January 4, 1954, the association retired in cash its 1948 issue of "finance fund" certificates amounting to \$1,663,568. On January 2, 1955, it retired its 1949 certificates in the amount of \$1,517,510. The association also retired prior years' rotating reserves totaling \$559,265 in 1953 and \$271,423 in 1954. The finance fund certificates have generally been revolved on a 6-year basis and the rotating reserves usually on a 6-year basis.

The financial condition of the Washington Co-operative Farmers Association on December 31, 1953 and 1954, is shown in the following consolidated balance sheets:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$9,307,257	\$10,557,257
Fixed assets (net)-----	6,403,629	6,901,871
Other assets-----	<u>727,780</u>	<u>753,648</u>
Total-----	16,438,666	18,212,776
Liabilities and net worth:		
Current liabilities-----	2,135,091	2,849,881
Net worth (finance fund, reserve funds and undistributed operating margins)-----	<u>14,303,575</u>	<u>15,362,895</u>
Total-----	16,438,666	18,212,776

On December 31, 1954, approximately 89 percent of the association's net worth was represented by retained net operating margins or savings and the remainder by regular capital subscriptions on farm products marketed.

At the close of 1954, the principal facilities owned by the association were:

<u>Facilities</u>	<u>Cost value</u>	<u>Depreciated value</u>
Buildings and improvements to leased properties-----	\$6,005,422	\$4,503,165
Land-----	279,475	279,475
Machinery, equipment and furniture-----	3,112,487	1,610,766
Trucks and automobiles-----	<u>1,454,079</u>	<u>508,465</u>
Total-----	10,851,463	6,901,871

In addition to these facilities the association had \$110,068 invested in federations owned jointly by regionals which operated various manufacturing and wholesaling facilities.

On December 31, 1954, the association had 1,341 employees engaged in its general administrative activities, in manufacturing and processing, in wholesale distribution, and in purchasing farm supplies for producer members.

FARMERS COOPERATIVE EXCHANGE, INC.

The Farmers Cooperative Exchange, Inc., known as FCX, and with headquarters at Raleigh, N.C., was organized on March 12, 1934.²⁰ It serves

²⁰The operations of FCX are closely related to the North Carolina Cotton Growers Cooperative Association. The same general manager serves both organizations. The cotton handled by the North Carolina Cotton Growers was valued at \$15,154,886 for the 1953 season and \$11,385,848 for the 1954 season. This association's net worth on June 30, 1953, was \$1,086,466 and on June 30, 1954, it was \$1,109,202.

approximately 161,000 patrons in North and South Carolina. Of this number, approximately 98 percent were farmers.

Supplies are distributed through 63 FCX centrally-managed subsidiary retail service stores, 24 independent cooperative associations, and 160 private dealer-agencies.

FCX distributed supplies at wholesale for the years ending June 30, 1953 and 1954 as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feeds and grains-----	\$12,485,134	\$10,578,348
Fertilizer-----	4,340,140	4,180,839
Seed-----	1,446,947	1,630,296
Steel, asphalt, and building materials-----	901,980	574,448
Paint-----	37,727	44,453
Farm machinery-----	891,232	618,538
Electrical appliances-----	521,520	654,025
Oil, tires, and tubes-----	13,912	22,818
Sprays and dusts-----	452,841	614,672
Miscellaneous farm supplies-----	<u>1,810,846</u>	<u>744,829</u>
Total-----	22,902,279	19,663,266

The value of supplies distributed at retail by FCX-managed retail outlets amounted to \$13,895,182 in 1953 and \$13,408,254 in 1954.

The value of farm products marketed by FCX was as follows for 1953 and 1954:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Grains-----	\$1,421,244	\$987,452
Eggs and poultry-----	440,576	514,235
Livestock-----	750,821	795,638
Miscellaneous-----	<u>9,236</u>	<u>127,755</u>
Total-----	2,621,877	2,425,080

Net margins of the FCX wholesale, retail, and marketing system available for distribution to patrons totaled \$476,361 in 1953 and \$858,387 in 1954. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Cash dividends on stock-----	\$279,703	\$262,487
Patronage refunds:		
Cash (estimated)-----	18,000	-0-
Capital stock (estimated)-----	178,658	533,590
Amount retained in capital reserves-----	<u>-0-</u>	<u>62,310</u>
Total-----	476,361	858,387

No capital stock certificates originally issued as patronage refunds were retired during 1953 and 1954 under the revolving fund plan. The association has now retired all patronage refunds through 1942 under its revolving capital plan of financing.

The financial condition of the FCX and its retail subsidiaries as of June 30, 1953 and 1954, is shown in the following statements:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$5,746,707	\$6,306,119
Fixed assets (net)-----	2,965,225	3,095,123
Other assets-----	<u>739,450</u>	<u>716,258</u>
Total-----	9,451,382	10,117,500
Liabilities and net worth:		
Current liabilities-----	1,831,838	1,554,676
Other liabilities-----	70,000	601,985
Net worth (capital and reserves)-----	<u>7,549,544</u>	<u>7,960,839</u>
Total-----	9,451,382	10,117,500

The number and value of facilities owned and operated by FCX and its affiliated service stores and marketing unit on June 30, 1954 follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Wholesale farm supply warehouses-----	5	\$529,357	\$427,223
Fertilizer mixing plants-----	2	371,854	290,393
Seed-cleaning plants-----	25	141,588	69,018
Retail farm supply stores ²¹ -----	30	937,781	848,777
General delivery trucks-----	145	368,550	159,723
Office buildings-----	2	325,959	274,312
Feed mill-----	1	314,621	248,071
Grain elevator-----	1	68,254	58,129
Equipment in retail and wholesale warehouses and plants ²² -----		958,028	634,065
Other-----		<u>91,271</u>	<u>85,412</u>
Total-----		4,107,263	3,095,123

In addition to these facilities, FCX and Southern States Cooperative, Inc., jointly manufacture feed in Norfolk and Roanoke, Va., and fertilizer in Norfolk, Va. The FCX investment in these facilities on June 30, 1954, amounted to \$234,500.

On June 30, 1954, the FCX system had 573 employees. Of these, 130 were engaged primarily in general and administrative activities, 85 in manufacturing and processing operations, 70 in wholesale distribution, including warehousing and transportation, 283 in retail distribution, and 5 in marketing.

²¹Represents stores operating in buildings owned by FCX.

²²Exclusive of seed cleaners and trucks.

POULTRY PRODUCERS OF CENTRAL CALIFORNIA

Poultry Producers of Central California, a centralized farmers' cooperative with headquarters in San Francisco, Calif., was incorporated in October 1916 and began operating in January of the following year. Originally, its sole purpose was marketing eggs, but in 1926 its activities were expanded to include the manufacture and distribution of feeds for poultry, dairy and other types of livestock, and the marketing of poultry.

According to the bylaws, membership in the association is open to any agricultural producer; by resolution of the board of directors, applicants should be potential patrons of any or all departments of the association to the extent of \$500 a year. Continuation of active membership is contingent upon minimum patronage of any or all departments amounting to a minimum of \$100 annually. An initial membership fee of \$10 is refunded if or when a member withdraws from the association. Farmers may join at any time, but withdrawal is confined to an annual period specified in the membership agreement.

This association serves its 11,338 members through 52 branches and agencies, located throughout the central coast and central valley counties of California north of Monterey and Merced Counties, respectively. All branches serve as receiving stations for members' eggs and distribution centers for the association's feeds. Poultry Producers owns and operates 11 egg packing plants and 7 feed mills.

Members of the association have always been required to sign an egg marketing agreement, by which the member agrees to market through the association all of the eggs he produces other than those sold to hatcheries or retained for home or farm use. This agreement further provides that eggs be pooled according to grade, and the members shall receive weekly advance payments based upon the volume, quality and grade of eggs delivered to the association during the preceding week, followed by an annual deferred payment representing the difference between costs of marketing and handling and returns from the final sale of eggs. Patronage of the Feed and Poultry Departments has always been on a voluntary basis.

The volume of feed and supplies distributed to patrons by the association during the years ending December 31, 1953 and 1954, was as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$27,807,795	\$24,325,106
Petroleum products-----	1,953,003	1,930,834
Farm supplies and equipment-----	<u>699,258</u>	<u>696,361</u>
Total-----	30,460,056	26,952,301

Feed volume represented 296,824 tons in 1953 and 282,032 tons in 1954.

In addition to feeds and feedstuffs, members may purchase a wide range of farm supplies through the association. Principal supply items include aluminum roofing and siding, fencing materials, poultry house equipment, drugs and insecticides. Petroleum products of a major oil company are distributed on a cooperative basis to members of the association by special agreement.

The volume of eggs marketed in 1953 was 1,687,269 cases with a sales value of \$25,647,236. Volume in 1954 was 1,832,756 cases with a sales value of \$25,013,886. The association's poultry marketing activities have been quite restricted.

The deferred payment to egg shippers and net margins of the Feed and Supply Department totaled \$2,622,334 in 1953 and \$3,047,420 in 1954. All deferred payments and net margins were allocated to patrons in proportion to patronage. The association distributed these payments and margins as follows:

<u>Distribution of deferred payments</u> <u>and net margins</u>			<u>1953</u>	<u>1954</u>
Egg deferred payments-----			\$367,427	\$411,420
Feed capital fund credits-----			1,854,050	2,186,000
Feed revolving fund credits-----			<u>400,857</u>	<u>450,000</u>
Total-----			2,622,334	3,047,420

The rates of patronage refunds differ for various types of feeds, feedstuffs and supplies. For the past several years the highest percentage rate has been paid on farm supplies, the next highest on chicken and turkey mixed feeds, the lowest on grains and other "simples."

Prior to 1924, Poultry Producers of Central California was financed by issuance of stock to the members. Subsequent to that year, revolving funds have constituted its basis for capitalization. Separate capital revolving funds are maintained for the Egg, Feed, and Poultry Departments.

The Feed Capital Fund provides for the normal capital requirements of the Feed Department. Members' credits in the Feed and Egg Capital Funds are represented by interest-bearing certificates. The Feed Revolving Fund is non-interest-bearing and non-certificated; it has been set aside annually since 1941 as a special revolving reserve primarily to cushion sudden declines in feed inventory values. The Egg Capital Fund has generally been revolved on a 2½-year basis, the Feed Capital Fund on a 2½-year basis, the Feed Revolving Fund on a 3-year basis. The General Capital Fund, created and maintained from the sale of General Capital Fund Certificates to members, was established in 1953 and has not yet been revolved. The length of its revolving cycle is therefore indeterminate; it is anticipated, however, that this cycle will exceed that of the Egg and Feed Capital Funds.

During 1953, the association retired, in cash, revolving fund credits totaling \$5,962,503. In 1954, the amount retired totaled \$4,164,308.

The present value of members' equities (net worth) in Poultry Producers of Central California is indicated in the following condensed balance sheets, as of December 31, 1953 and 1954:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$11,550,183	\$10,123,024
Fixed assets (net)-----	3,730,910	3,645,693
Other assets-----	<u>104,025</u>	<u>104,524</u>
Total-----	15,385,118	13,873,241
Liabilities and net worth:		
Current liabilities-----	3,317,145	2,870,179
Deferred liabilities-----	154,555	154,529
Net worth-----	<u>11,913,418</u>	<u>10,848,533</u>
Total-----	15,385,118	13,873,241

At the close of 1954, the principal facilities owned by the association were:

<u>Facilities</u>	<u>Cost value</u>	<u>Depreciated value</u>
Land-----	\$436,597	\$436,597
Buildings, improvements, leasehold improvements-----	2,939,893	1,932,682
Autos and trucks-----	907,620	191,612
Egg department equipment-----	459,853	194,618
Feed department equipment-----	1,811,785	782,680
Facilities under construction-----	13,599	13,599
Other-----	<u>378,057</u>	<u>93,905</u>
Total-----	6,947,404	3,645,693

During the year 1954, the association employed an average of 1,226 men and women. Of these employees, 175 were engaged in general and administrative (80) activities; approximately 300 devoted a major portion of their time to operations of the Feed and Supply Department; approximately 475 were employed in the work of the Egg Department and in handling poultry; and 276 were jointly employed by the Feed and Supply and the Egg departments as warehousemen, truck drivers, clerks, accountants, and related occupations.

PENNSYLVANIA FARM BUREAU COOPERATIVE ASSOCIATION

The Pennsylvania Farm Bureau Cooperative Association, with headquarters at Harrisburg, Pa., was organized in 1934. At the close of 1954, it was

serving 34 member associations operating on a county-wide basis with 72,000 patrons, 97 percent of them farmers. Three of the county associations were under management and financing arrangements with the State association. Supplies also were distributed by 18 private dealer agents and 4 farmer fertilizer agents who operate directly through the Farm Bureau Cooperative Distribution Association, Harrisburg, Pa. During 1953, it had 3,000 patrons, approximately 95 percent of them farmers. The total service area of the State association comprises 53 counties in Pennsylvania.

This cooperative distributed supplies at wholesale for the years ending December 31, 1953 and 1954, as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$9,515,140	\$9,488,722
Fertilizer-----	2,367,729	2,695,784
Seed-----	1,232,490	1,151,862
Petroleum products-----	6,381,479	6,594,505
Tires, tubes, and other accessories-----	171,413	190,600
Farm machinery and parts-----	513,211	389,718
Farm equipment-----	818,491	755,765
Steel products-----	688,777	718,532
Lumber, paint, and other maintenance equipment-----	169,531	162,711
Insecticides-----	414,512	458,390
Electrical equipment and appliances-----	222,329	207,935
Twine-----	191,758	263,740
Chicks-----	462,112	452,816
Total-----	23,148,972.	23,531,080

The value of grain marketed by the association was \$1,066,331 in 1953 and \$953,070 in 1954.

Net margins available for distribution to patrons totaled \$90,826 in 1953 and \$31,401 in 1954. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Cash dividends on stock-----	\$30,639	\$28,745
Patronage refunds in capital stock-----	49,609	
Additions to capital reserves-----	10,578	2,656
Total-----	90,826	31,401

Of these total net margins approximately 90 percent in both 1953 and 1954 were derived from farm supply operations and the remaining proportion was derived from marketing operations.

Stocks or certificates amounting to \$42,975 originally issued in payment of patronage refunds were retired during 1953 under a revolving capital plan. Beginning December 31, 1954, common stock is being adjusted on the basis of use made of the association; that is, a member cooperative doing 10 percent of the association's business would hold 10 percent of its outstanding common stock.

The financial condition of the Pennsylvania Farm Bureau Cooperative Association on December 31, 1953 and 1954, is shown as follows:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$3,291,525	\$3,594,085
Fixed assets (net)-----	1,292,382	1,331,633
Other assets-----	<u>3,298,813</u>	<u>3,381,978</u>
Total-----	7,882,720	8,307,696
Liabilities and net worth:		
Current liabilities-----	683,898	729,314
Other liabilities-----	1,020,049	1,022,861
Net worth (capital and reserves)-----	<u>6,178,773</u>	<u>6,555,521</u>
Total-----	7,882,720	8,307,696

On December 31, 1954, the principal operating facilities of the Pennsylvania Farm Bureau Cooperative Association consisted of the following:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Feed mill-----	1	\$517,405	\$367,405
Seed cleaning plant-----	1	158,167	95,000
Wholesale farm supply warehouses-----	2	296,249	190,935
Office building-----	1	210,145	181,670
Transport trucks-----	17	109,515	35,665
Hatcheries-----	3	181,607	121,792
Poultry breeding farm-----	2	122,946	88,527
Other facilities-----		<u>365,652</u>	<u>250,639</u>
Total-----		1,961,686	1,331,633

In addition, the association held investments of \$3,270,246 in facilities owned jointly with other cooperatives.

On December 31, 1954, the Pennsylvania Farm Bureau Cooperative Association had 288 employees. Of these, 138 were engaged in general and administrative activities, 99 in manufacturing and processing operations, 51 in wholesale distribution, including warehousing and transportation.

MIDLAND COOPERATIVES, INC.

Midland Cooperatives, Inc., with headquarters at Minneapolis, Minn., was organized on September 8, 1926. At the end of its operating year on August 31, 1954, it was serving 729 member associations with 250,000 patrons, 95 percent of whom were farmers. It was also serving 150 non-member associations with 15,000 patrons, 90 percent of whom were farmers. Sixteen of the local co-ops served are under management or supervision agreements with Midland. The association operates throughout Minnesota except for the Northeastern quarter of the State. It also operates throughout Wisconsin except for the extreme north, in northern Iowa, and in the extreme eastern parts of the Dakotas.

Midland Cooperatives, Inc., distributed supplies at wholesale during the years ending December 31, 1953 and August 31, 1954,²³ as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u> (8 months)
Feed, flour, and middlings-----	\$2,682,506	\$1,934,905
Fertilizer-----	2,572,659	2,190,287
Seed-----	588,367	629,675
Petroleum products-----	20,529,577	14,319,199
Tires, tubes, and accessories-----	1,454,616	996,363
Farm machinery-----	772,233	45,414
Steel products-----	455,054	463,188
Paint and related products-----	171,141	131,719
Insecticides-----	50,203	193,374
Electrical equipment-----	721,008	490,488
Coal-----	55,489	-
Hardware and farm tools-----	438,930	324,161
Oil station equipment-----	134,066	99,213
Miscellaneous-----	5,727	19,039
Total-----	30,631,576	21,837,025

Net margins available for distribution to patrons were \$127,694 in 1953 and \$568,392 in 1954. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Cash dividends on stock-----	\$124,688	\$81,993
Patronage refunds in capital stock-----	-	359,913
Amount retained in unallocated surplus-----	3,006	126,486
Total-----	127,694	568,392

Capital stocks or certificates amounting to \$111,000 originally issued in payment of patronage refunds were retired during 1953 but none were retired in 1954. The association has now retired all such stock or certificates through 1937 under its revolving capital plan of financing.

²³Change from calendar year to fiscal year ending August 31.

The financial condition of the Midland Cooperatives, Inc., as of December 31, 1953 and August 31, 1954, is shown in the following condensed financial statements:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$7,516,753	\$7,598,772
Fixed assets (net)-----	5,907,993	5,716,649
Other assets-----	<u>7,774,248</u>	<u>6,384,704</u>
Total-----	21,198,994	19,700,125
Liabilities and net worth:		
Current liabilities-----	6,779,278	6,523,515
Other liabilities-----	4,431,477	2,748,823
Net worth (capital and reserves)-----	<u>9,988,239</u>	<u>10,427,787</u>
Total-----	21,198,994	19,700,125

On August 31, 1954, Midland Cooperatives, Inc., owned and operated the following principal facilities:

<u>Facilities</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Crude oil property-----	\$3,029,197	\$502,988
Refinery (complete)-----	5,991,613	4,488,017
Oil blending plant and bulk petroleum plants and warehouses-----	741,358	452,331
Other properties-----	<u>504,016</u>	<u>273,313</u>
Total-----	10,266,184	5,716,649

Investments in other production and operating facilities owned jointly with other cooperatives or allied companies were as follows on August 31, 1954:

<u>Facilities</u>	<u>Amount invested</u>
Fertilizer, feed, soybean, and seed processing-----	\$1,727,821
Refineries and pipelines-----	3,706,050
Petroleum products terminal-----	245,000
Properties of National Cooperatives, Inc. (including milking machine factory)-----	380,125
Other investments-----	<u>284,145</u>
Total-----	6,343,141

On August 31, 1954, Midland Cooperatives, Inc., had 440 employees. Of these, 96 were engaged in general and administrative activities, 190 in

manufacturing and processing operations, and 154 in wholesale distribution.

FARM BUREAU SERVICES, INC.

Farm Bureau Services, Inc., with headquarters at Lansing, Mich., was organized on October 25, 1929, to provide a cooperative wholesale supply service for farmers' cooperatives in Michigan. At the end of its fiscal year on August 31, 1954, this cooperative provided supply service for some 100,000 patrons through the 151 member associations,²⁴ 25 non-member associations, 15 branch retail outlets, and 200 private dealer outlets. Farmers represented approximately 90 percent of the patrons of these retail outlets.

Its wholesale division distributed²⁵ supplies for the fiscal years ending August 31, 1953 and 1954, as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$4,351,000	\$4,457,600
Fertilizer-----	4,081,458	3,992,457
Seed-----	1,285,754	1,337,856
Steel products-----	1,072,394	1,214,677
Lumber, paint, and other maintenance equipment--	164,796	147,461
Insecticides-----	331,274	311,181
Coal-----	121,521	101,839
Farm machinery and equipment-----	(26)	1,388,477
Total-----	11,408,197	12,951,548

This wholesale volume included the value of supplies transferred to its own retail branch outlets amounting to \$3,777,425 in 1953 and \$3,552,499 in 1954.

In addition to the central office wholesale supply operations, the retail value of supplies distributed through branch outlets owned by the association amounted to \$5,823,272 in 1953 and \$6,411,604 in 1954.

²⁴Seventeen of the member associations were managed by Farm Bureau Services, Inc., under management contracts.

²⁵Beginning January 1, 1949, the distribution of petroleum products was handled through a separate corporation, the Farmers Petroleum Cooperative, Inc. Its volume of business for the year ending August 31, 1953, was \$4,107,709 and net savings totaled \$167,191. This compares with a volume of \$4,581,594 and savings of \$200,457 for the year ending August 31, 1954.

²⁶During 1953, five farm equipment branches engaged in the retail and wholesale distribution of farm machinery and farm equipment. Total volume of these branches was \$1,476,566 of which \$699,064 was distributed at retail and \$777,502 at wholesale. During 1954 these branches were discontinued and all farm equipment was distributed as a wholesale operation.

While Farm Bureau Services, Inc., is primarily a farm supply purchasing cooperative, it marketed farm products during the years ending August 31, 1953 and 1954, as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Grain-----	\$1,257,832	\$1,345,617
Beans-----	362,739	528,829
Eggs and poultry-----	95,031	84,900
Total-----	1,715,602	1,959,346

Net margins available for distribution to patrons totaled \$528,095 in 1953 and \$496,544 in 1954. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>²⁷1953</u>	<u>1954</u>
Cash dividends on stock-----	\$173,479	\$185,134
Patronage refunds in capital stock-----	244,113	264,596
Retained in reserves-----	110,503	46,814
Total-----	528,095	496,544

Stock or certificates amounting to \$47,000 originally issued in payment of patronage refunds were retired during 1953. The amount retired in 1954 was \$122,900. The association has now retired all such stock or certificates through 1942 under its revolving capital plan.

The financial condition of Farm Bureau Services, Inc., as of August 31, 1953 and 1954, is shown by the following condensed financial statements:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$5,018,453	\$4,302,858
Fixed assets (net)-----	2,863,362	3,828,294
Appropriation for facility expansion-----	1,022,408	-0-
Other assets ²⁸ -----	706,337	747,279
Total-----	9,610,560	8,878,431
Liabilities and net worth:		
Current liabilities-----	2,248,152	1,458,638
Other liabilities ²⁹ -----	4,679,400	4,850,340
Net worth or member and patron equities-----	2,683,008	2,569,453
Total-----	9,610,560	8,878,431

²⁷Revised.

²⁸Mainly investments in regional cooperatives.

²⁹Includes liability on debentures as follows:

	<u>1953</u>	<u>1954</u>
4% - 10 year debentures-----	\$730,730	\$597,380
3% - 15 year debentures-----	617,360	610,670
5% - 15 year debentures-----	1,672,810	2,138,790
Total-----	3,020,900	3,346,840

The value of the principal operating facilities owned on August 31, 1954, was as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Wholesale farm supply warehouse ³⁰ ---	6	\$448,776	\$354,378
Seed cleaning plant-----	1	79,201	41,830
Retail farm supply branches-----	15	1,175,341	895,051
General delivery truck and cars-----	45	90,794	32,189
Portable feed mixing units-----	5	80,670	57,173
Office equipment-----		153,883	68,291
Transportation department trucks and trailers, tractor-trailer units---	11	135,834	79,491
Temporary office building-----	1	21,162	5,179
Bulk petroleum plants ³¹ -----	3	27,527	7,008
Dust plant (mixing equipment only)---		9,788	4,388
Fertilizer manufacturing plants-----	2	2,747,951	2,283,316
Total-----		4,970,927	3,828,294

In addition, Farm Bureau Services had \$478,022 invested in federations owned jointly with other regional cooperatives which operated various manufacturing facilities.

At the end of its fiscal year on August 31, 1954, Farm Bureau Services, Inc., had 438 employees. Of these, 52 were engaged in general administrative activities, 110 in manufacturing and processing operations, 79 in wholesale distribution, 145 in retailing and marketing, and 52 in contractual services for the affiliated Michigan Farm Bureau.

PACIFIC SUPPLY COOPERATIVE

The Pacific Supply Cooperative, with headquarters at Walla Walla, Wash., was organized December 19, 1933. At the close of its operating year, June 30, 1954, it was serving 127 member associations in Oregon, Washington, Idaho, and northwestern Wyoming. Patrons of these associations numbered 60,000 and 95 percent were farmers. It also served 50 non-member associations, and these had some patrons who were also patrons of the member associations. Two of the local co-ops served are under management or supervision agreements with P.S.C.

³⁰Six of these units are combination wholesale and retail units. Cost and depreciated value have been divided according to use.

³¹One plant is leased to a local association managed by Farm Bureau Services, Inc.

It distributed supplies at wholesale during the fiscal years ending June 30, 1953 and 1954, as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed and grain-----	\$1,005,575	\$898,303
Fertilizer-----	3,423,654	3,030,198
Seed-----	143,957	143,741
Gas, oil, grease, and fuel oil-----	12,093,885	11,257,186
Tires, tubes, and other accessories-----	707,705	666,729
Farm machinery and parts-----	607,464	473,856
Lumber, paint, steel products, and other maintenance equipment-----	795,400	552,570
Insecticides and chemicals-----	501,566	491,620
Electrical equipment and appliances-----	154,799	113,984
Hardware-----	359,369	296,773
Farm appliances and irrigation supplies-----	976,804	770,271
Miscellaneous supplies and service revenues-----	10,121	10,350
Total-----	20,780,299	18,705,581

The Pacific Supply Cooperative marketed farm products in 1953 and 1954 as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Seed-----	\$2,746,746	\$2,912,367
Grain-----	2,830,740	2,526,868
Total-----	5,577,486	5,439,235

The association had total net savings available for distribution to patrons of \$61,418 in 1953 and a net loss of \$116,642 in 1954. These net margins or losses were distributed as follows:

<u>Distribution of net margins</u>	<u>³²1953</u>	<u>1954</u>
Patronage refunds:		
Cash-----	\$58	-
Capital reserve certificates-----	55,361	-
Common stock and credits-----	5,999	-
Amount retained in reserves-----	-	-116,642
Total-----	61,418	-\$116,642

The association reports that \$56,878 in certificates originally issued as patronage refunds were retired in 1953 under its revolving fund plan.

In 1954, the amount retired was \$186,298. The association now has retired all such certificates through 1944 and one-fourth of 1945 under its revolving capital plan.

The financial condition of the Pacific Supply Cooperative on June 30, 1953 and 1954, is shown in the following condensed financial statements:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$4,942,456	\$4,068,312
Fixed assets (net)-----	2,242,611	2,186,897
Other assets and investments-----	<u>1,214,787</u>	<u>1,418,801</u>
Total-----	8,399,854	7,674,010
Liabilities and net worth:		
Current liabilities-----	1,596,128	1,206,290
Other liabilities-----	27,181	22,440
Net worth or member and patron equities-----	<u>6,776,545</u>	<u>6,445,280</u>
Total-----	8,399,854	7,674,010

On June 30, 1954, the Pacific Supply Cooperative owned and operated the following principal facilities:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Wholesale farm supply warehouses-----	5	\$223,946	\$130,342
Seed and feed plants-----	5	687,991	391,353
Chemical and fertilizer plants-----	3	345,706	210,775
Transport trucks-----	21	426,514	180,480
Office-----	1	116,369	53,332
Leased oil facilities-----		1,031,310	903,490
Other facilities-----		<u>432,102</u>	<u>317,125</u>
Total-----		3,263,938	2,186,897

In addition, the association held investments of \$240,161 in facilities owned jointly with other cooperative associations.

On June 30, 1954, the Pacific Supply Cooperative had 251 employees. Of these, 62 were engaged in general administrative activities, 30 in manufacturing and processing operations, 91 in wholesale distribution, and 68 in marketing farm products.

POULTRYMENS COOPERATIVE ASSOCIATION OF SOUTHERN CALIFORNIA

The Poultrymens Cooperative Association of Southern California (PCA), with headquarters in Los Angeles, was organized in January 1931. It was formed to acquire most of the physical assets and business of cooperative

poultry marketing and feed milling associations owned by poultrymen in the area. PCA is a centralized cooperative which had 2,297 members on March 31, 1954. It serves an area comprising most of eight counties in the vicinity of Los Angeles. All but 1 percent of its business was done with members in 1954.

Any person, company, corporation, or partnership engaged in poultry and egg production is eligible for membership, provided the operator has a project consisting of 400 laying hens or its equal. The membership fee is \$10. Each member has a minimum of one vote and receives an additional vote for each \$5,000 of yearly business with the association up to a maximum of five votes. PCA has nine directors, eight elected by districts and one elected at large. Each district has an informal local organization which functions in an advisory capacity to PCA, and as an educational agency for its members.

Feed and supply patrons are served through eight branch plants in addition to the headquarters facilities. The central plant at Los Angeles consists of complete feed manufacturing and pelleting equipment, bulk grain storage, bulk feed delivery equipment, an egg handling department, the central supply department, and general offices. All branches except two have feed manufacturing and bulk delivery facilities. One is a retail store, and one serves as an agency for handling PCA feeds. Eggs are candled and sold at the Los Angeles central plant and at the Atascadero branch. They also are sold at the Ventura branch station.

PCA distributed supplies and equipment to patrons during the fiscal years ended March 31, 1953 and 1954 as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$14,314,065	\$13,851,712
Miscellaneous supplies-----	<u>374,570</u>	<u>407,680</u>
Total-----	14,688,635	14,259,392

The feed volume in 1954 represented 155,315 tons, with about 52 percent delivered in bulk by 28 specially equipped feed trucks operated by the association.

PCA has always performed egg marketing services for its members. Sales of eggs totaled \$2,753,212 during the fiscal year ended March 31, 1953 and \$3,194,462 during the year ended in 1954. A total of 5,853,987 dozen was marketed in 1954.

Net margins available for distribution to patrons totaled \$1,015,271 in 1953 and \$1,167,048 in 1954. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Patronage refunds:		
Cash-----	\$623,961	\$803,624
Revolving fund credits-----	384,348	350,734
Additions to general reserves-----	<u>6,962</u>	<u>12,690</u>
Total-----	1,015,271	1,167,048

Net margins, or savings, are computed separately for the feed, supply, and egg departments and returned ratably to all members on a patronage basis with the same rates declared for all branches. During 1954, about 70 percent of the feed and supply department overages on member business was paid as a cash refund, and the remaining 30 percent plus the entire egg department overage, which is small because of the policy of advances to members, was retained in the revolving fund.

During the fiscal year ended in 1953, PCA retired in cash the revolving fund credits for the 1944-45 fiscal year totaling \$202,421. During 1954 it retired credits of \$70,937 for the 1946-47 fiscal year.

PCA has a system of financing that is somewhat unique for most areas except the West. Practically all of its member capital is represented by a 7-year revolving fund. Capital is accumulated by retaining capital overcharges or mark-ups on feed and supplies which are added to the billing prices to members, and by retaining a fixed percent of the returns received for products marketed for members.

Mixed feed is the foundation of PCA's capital structure. Prices are determined weekly, based on the replacement value of the feed ingredients plus the estimated cost of milling, distribution, and general administrative expense. To this is added a capital overcharge, which in recent years has been 25 cents per 100 pounds. Of this 25 cent capital markup, 15 cents is regularly placed in the revolving fund structure and the other 10 cents is essentially used as protection against losses from inventory declines. If, however, inventory appreciation occurs, the 10 cents per 100 pounds, plus the inventory gain, plus any savings made in achieving costs under original estimates are returned as cash patronage refunds.

The financial condition of PCA on March 31, 1953 and 1954, is shown in the following condensed statements:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$2,015,499	\$2,503,320
Fixed assets (net)-----	1,105,671	1,124,947
Other assets-----	<u>76,620</u>	<u>72,292</u>
Total-----	3,197,790	3,700,559
Liabilities and member equities:		
Current liabilities-----	1,024,578	1,226,646
Other liabilities-----	2,839	12,482
Member equities or net worth-----	<u>2,170,373</u>	<u>2,461,431</u>
Total-----	3,197,790	3,700,559

On March 31, 1954, the principal operating facilities owned by PCA were as follows:

<u>Facilities</u>	<u>Number of plants</u>	<u>Cost value</u>	<u>Depreciated value</u>
Central feed mill, supply department, egg handling facilities and general offices-----	1	\$740,061	\$300,195
Branch stations and mills-----	7	904,978	576,766
Automobiles and trucks-----	83	522,299	247,986
Total-----		2,167,338	1,124,947

In addition to these facilities, PCA had \$5,786 invested in other regional cooperatives which operate various manufacturing or processing facilities.

On March 31, 1954, PCA had 322 full-time employees. Of these 40 were engaged in general and administrative activities; 232 spent a majority of their time in feed and supply operations; and 50 spent most of their time in egg marketing operations.

CENTRAL COOPERATIVE WHOLESALE

The Central Cooperative Wholesale, often referred to as C.C.W., with headquarters at Superior, Wis., was organized on September 16, 1917. At the close of its operating year on November 30, 1954, it was serving 211 member and 43 non-member cooperatives in Northern parts of Michigan, Wisconsin, Minnesota, and in eastern North Dakota. These cooperative outlets served approximately 100,000 patrons, 75 percent of them farmers. None of these local cooperatives were operating under management or supervision agreements with C.C.W.

It distributed supplies at wholesale during fiscal years, ending November 30, 1953 and 1954, as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$2,236,256	\$2,680,439
Fertilizer-----	190,000	201,000
Seeds-----	145,000	145,000
Petroleum products-----	1,697,311	1,778,117
Tires, tubes, and other accessories-----	271,946	293,182
Steel products-----	126,012	125,978
Lumber, paints, and other maintenance equipment-----	338,617	336,601
Insecticides-----	44,238	27,903
Electrical equipment and appliances-----	435,114	495,394
Farm machinery-----	126,184	75,904
Hardware-----	296,140	345,525
Twine-----	59,820	59,548
Coal-----	54,219	58,320
Groceries-----	3,177,991	3,591,541
Fresh fruits and vegetables-----	348,794	449,798
Bakery products-----	322,386	344,952
Coffee-----	514,251	467,024
Clothing-----	669,371	732,627
Total-----	11,053,650	12,208,853

Net margins available for distribution to patrons totaled \$151,887 in 1953 and \$290,824 in 1954. These net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>³³1953</u>	<u>1954</u>
Interest on capital stock-----	\$33,311	\$31,204
Patronage refunds in capital stock-----	114,659	234,620
Unallocated surplus-----	<u>3,917</u>	<u>25,000</u>
Total-----	151,887	290,824

Stocks or certificates amounting to \$117,500, originally issued in payment of patronage refunds, were retired during 1954. None were retired in 1953. The association has now retired all such stock or certificates through 1935 under its revolving capital plan.

The financial condition of C.C.W. on November 30, 1953 and 1954, is shown in the following statements:

	<u>³⁴1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$2,002,177	\$2,161,037
Fixed assets (net)-----	455,815	491,456
Other assets-----	<u>1,638,996</u>	<u>1,221,172</u>
Total-----	4,096,988	3,873,665
Liabilities and net worth:		
Current liabilities-----	401,505	336,062
Long-term notes-----	534,050	325,420
Net worth (capital and reserves)-----	<u>3,161,433</u>	<u>3,212,183</u>
Total-----	4,096,988	3,873,665

On November 30, 1954, the principal facilities owned and operated by the C.C.W. consisted of the following:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Land-----		\$24,416	\$24,416
Warehouse and office (buildings and equipment)-----	4	479,038	295,217
Bakery (building and equipment)-----	1	101,049	22,245
Coffee roasting plant (equipment)-----	1	20,976	7,964
Feed mill (building and equipment)-----	1	167,830	63,276
Garage and delivery equipment-----	2	181,551	74,141
Oil plant building-----	1	6,510	597
Other-----	1	<u>8,362</u>	<u>3,600</u>
Total-----		989,732	491,456

³³Revised.

³⁴Revised.

In addition to these facilities, C.C.W. had \$1,221,172 invested in federations owned jointly with other regionals operating various manufacturing facilities.

On November 30, 1954, C.C.W. had 186 employees. Of these, 85 were engaged in general and administrative activities; 38 in manufacturing and processing operations; and 63 in wholesale distribution, including warehousing and transportation.

ARKANSAS FARMERS ASSOCIATION

The Arkansas Farmers Association, formerly the Arkansas Farm Bureau Cooperative, with headquarters at Little Rock, Ark., was organized in 1945. The association, through 42 member local associations which operated 53 retail outlets, 7 non-member local cooperatives, 7 non-member service companies, and approximately 200 private fertilizer dealers which handle a few other supplies, serves approximately 60,000 farmers. None of the member co-ops were under management or supervision agreements with A.F.A.

This cooperative distributed supplies at wholesale during fiscal years ended May 31, 1953 and 1954 as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$6,008,076	\$6,175,414
Seed-----	1,105,062	776,529
Fertilizer-----	2,412,295	2,300,314
Baby chicks-----	850,156	951,896
Petroleum products-----	296,697	510,862
General farm supplies-----		229,833
Total-----	10,672,286	10,944,848

The association had net savings available for distribution to patrons of \$239,300 in 1953 and \$83,746 in 1954.³⁵ The net margins were distributed as follows:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Dividends on preferred stock-----	\$11,823	\$16,796
Patronage refunds in certificates of equity-----	204,729	53,560
Retained in capital reserves-----	22,748	13,390
Total-----	239,300	83,746

The association has not retired any of its certificates of equity under a revolving capital plan during the last two years, but it has retired all such equities issued prior to 1949 and about 80 percent of those issued in 1949.

³⁵Includes dividends on capital stock and cash and deferred patronage refunds from other regional cooperatives, such as M.F.A. Milling Co., totaling over \$280,000 applicable to 1952-53 and \$4,311 applicable to 1953-54 fiscal year.

The financial condition of the Arkansas Farmers Association on May 31, 1953 and 1954, is shown in the following condensed financial statements:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$ 637,486	\$ 711,842
Fixed assets (net)-----	259,833	260,532
Other assets-----	623,239	488,462
Investments-----	<u>53,061</u>	<u>17,251</u>
Total-----	1,573,619	1,478,087
Liabilities and net worth:		
Current liabilities-----	238,533	279,702
Other liabilities-----	150,467	90,867
Net worth or member and patron equities-----	<u>1,184,619</u>	<u>1,107,518</u>
Total-----	1,573,619	1,478,087

Facilities owned and operated by A.F.A. at the close of the 1954 fiscal year included:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Wholesale farm supply warehouse and office-----	1	\$56,294	\$49,638
Hatcheries-----	5	215,441	172,449
Autos and trucks-----	12	22,961	12,927
Furniture and fixtures-----		<u>38,440</u>	<u>25,518</u>
Total-----		333,136	260,532

In addition, A.F.A. on May 31, 1954 had \$483,252 of investments and patrons equities in regional cooperatives and federations of regionals which were operating various manufacturing facilities. During the past fiscal year it was the sole sales agent for the Arkansas Farmers Plant Food Company. This latter cooperative, which is controlled by the Arkansas Farm Bureau Federation, has a fertilizer plant costing approximately \$750,000 which is located in North Little Rock.

On May 31, 1954, the Arkansas Farmers Association had 60 employees, of which 40 were engaged in general administrative activities, and 20 in wholesale distribution.

TENNESSEE FARMERS COOPERATIVE

The Tennessee Farmers Cooperative, La Vergne, Tenn., was organized September 27, 1945. At the end of 1954 it was serving 85 county cooperatives in Tennessee, 73 of them members. These associations served about 120,000 patrons, 99 percent of them farmers. None of the locals are under management and financing arrangements with the State association.

The Tennessee Farmers Cooperative distributed supplies at wholesale during the fiscal years ending December 31, 1953 and 1954, as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$1,635,524	\$1,650,345
Fertilizer-----	3,647,938	4,864,227
Seed-----	1,116,900	1,529,934
Building supplies-----	338,242	460,232
Petroleum products-----	309,943	408,781
Other-----	86,850	107,790
Total-----	7,135,397	9,021,309

Net margins available for distribution to patrons totaled \$123,780 in 1953 and \$410,573 in 1954. The association distributed these net margins as follows:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Cash dividends on stock-----	\$37,954	\$40,651
Amount retained in capital reserves-----	85,826	369,922
Total-----	123,780	410,573

The association operates on a revolving capital plan. It retired no member equities in 1953, but in 1954 the amount retired was \$84,145. Member equities have now been retired through 1950.

The financial condition of Tennessee Farmers Cooperative on December 31, 1953 and 1954, is shown in the following condensed financial statements:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$1,174,491	\$1,517,843
Fixed assets (net)-----	793,740	809,399
Other assets-----	286,744	296,703
Total-----	2,254,975	2,623,945
Liabilities and net worth:		
Current liabilities-----	880,402	1,006,013
Other liabilities-----	220,848	162,922
Net worth or member and patron equities-----	1,153,725	1,455,010
Total-----	2,254,975	2,623,945

On December 31, 1954, about 50 percent of the association's net worth was represented by stock sales and the remaining 50 percent had been accumulated through retained allocated reserves.

The operating facilities owned by the Tennessee Farmers Cooperative on December 31, 1954, were as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Fertilizer plants (including rail sidings and land)-----	2	\$610,211	\$460,260
Seed plant-----	1	110,766	103,092
Warehouses-----	4	219,610	195,707
Trucks-----	4	15,413	9,998
Other machinery-----		<u>60,138</u>	<u>40,342</u>
Total-----		1,016,138	809,399

As of December 31, 1954, Tennessee Farmers Cooperative had 102 employees. Of this number 29 were engaged in general and administrative activities; 50 in manufacturing or processing supplies; and 23 in wholesale distribution, including warehousing and transportation.

FARMERS UNION STATE EXCHANGE

The Farmers Union State Exchange, with headquarters at Omaha, Nebr., was organized in 1914. On September 30, 1954, it was serving 362 member associations with 68,000 patrons, 95 percent of them farmers. None of the member co-ops were under management and financing agreements with the Exchange. Through 35 private dealers, it reached an additional 4,500 patrons, 95 percent of them farmers. The association also owned and operated 6 retail farm supply stores and 3 retail bulk petroleum plants which serve 2,100 patrons, 85 percent of them farmers. The Exchange operates only in Nebraska.

It distributed supplies at wholesale during fiscal years ended on September 30, 1953 and 1954, as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed, seed, fertilizer, insecticides-----	\$177,285	\$306,012
Gas, oil, and grease-----	3,938,503	4,202,456
Tires, tubes, and other accessories-----	198,310	186,552
Farm machinery and hardware-----	626,997	596,618
Farm equipment and fencing-----	276,334	269,206
Paint-----	41,562	45,251
Twine-----	23,828	16,743
Coal-----	99,898	78,545
Groceries-----	346,671	310,350
Clothing-----	35,346	13,884
Roofing-----	64,097	69,648
Miscellaneous-----	<u>3,873</u>	<u>3,639</u>
Total-----	5,832,704	6,098,904

The Farmers Union State Exchange also had retail sales of \$1,306,170 in 1953 and \$1,185,349 in 1954.

Total net margins available for distribution to patrons were \$296,606 for the fiscal year of 1953 and \$280,172 for 1954. The association distributed these net margins in the following manner:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Cash dividends on stock-----	\$24,117	\$24,703
Patronage refunds allocated as member equities-----	<u>272,489</u>	<u>255,469</u>
Total-----	296,606	280,172

The financial condition of the Farmers Union State Exchange on September 30, 1953 and 1954, is shown in the following condensed statements:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$1,555,524	\$1,387,209
Fixed assets (net)-----	264,961	215,607
Other assets-----	<u>1,533,185</u>	<u>1,759,878</u>
Total-----	3,353,670	3,362,694
Liabilities and net worth:		
Current liabilities-----	465,232	533,562
Other liabilities-----	649,651	485,403
Net worth or member and patron equities-----	<u>2,238,787</u>	<u>2,343,729</u>
Total-----	3,353,670	3,362,694

On September 30, 1954, the association had principal operating facilities as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Office building and warehouse-----	1	\$157,963	\$62,338
Lubricating oil compounding plant-----	1	179,500	84,167
Transport trucks-----	6	71,055	6,720
General delivery trucks-----	13	28,911	2,829
Locker plant-----	1	9,309	742
Truck garages-----	2	8,341	2
Retail farm supply stores-----	2	61,170	39,923
Retail bulk petroleum plants-----	2	8,388	2
Other facilities-----		<u>81,767</u>	<u>18,884</u>
Total-----		606,404	215,607

In addition to these facilities, Farmers Union State Exchange had \$1,754,547 invested in federations owned jointly with other regionals which operated various manufacturing and wholesaling facilities.

At the close of 1954, the Exchange had 161 employees. Of these, approximately 22 were engaged in general and administrative activities, 29 were in manufacturing or processing operations, 52 were in wholesale distribution including warehousing and transportation, and 58 were in retail distribution.

M. F. A. COOPERATIVE GRAIN AND FEED COMPANY

The M.F.A. Cooperative Grain and Feed Company with headquarters at St. Joseph, Mo., was organized in 1942. It had operated as the Purchasing Division of the Missouri Farmers Association, Inc., which was organized in 1927 and reorganized in 1938 as the M.F.A. Purchasing Company. Later that year, the name was changed to the M.F.A. Grain and Feed Company. The assets and liabilities of this company were transferred to the M.F.A. Cooperative Grain and Feed Company in 1942.

The M.F.A. Cooperative Grain and Feed Company serves 150 local farmers' exchanges in northern Missouri, 2 in Kansas, and 1 in Illinois—having a membership of about 70,000 farmers. These local M.F.A. cooperatives are owned by the M.F.A. farmer members. Half the board of directors of the M.F.A. Cooperative Grain and Feed Company are named by representatives of these locals. The other half are named by the State Board of the Missouri Farmers Association. The M.F.A. Cooperative Grain and Feed Company is financed by patrons' equities and certificates of indebtedness.

In 1944 this company bought a milling company at St. Joseph and its facilities for manufacturing mixed feeds were enlarged. It built a soybean plant and an elevator at Mexico, Mo., in 1946 to replace a mill and elevator previously destroyed by fire. The capacity of the elevator was enlarged to 650,000 bushels in 1941 and then to 1 million bushels in 1954. Grain and soybeans are marketed for growers and member-exchanges as whole grain and as meal and oil. The meal is either sold to local M.F.A. exchanges and farmers or transferred to the St. Joseph feed mill. The plant thus provides both marketing and purchasing services. Feed warehouses are also operated at Mexico, Mo., and California, Mo.

Besides the St. Joseph and Mexico operations, the company operates a branch grain commission firm on the Kansas City Board of Trade. It markets grain in carlots for members and also purchases grain and feed-stuffs in carlots for members at its St. Joseph mill and at the M.F.A. Milling Company in Springfield.

The wholesale volume of supplies purchased for patrons, after eliminating intercompany duplications, for the fiscal years ended August 31, 1953 and 1954 was as follows:

<u>Commodity</u>	<u>1953</u>	<u>1954</u>
A. On a purchase-and-sale basis:		
Mixed feeds and millfeeds--St. Joseph and Mexico plants-----	\$4,144,699	\$2,872,912
Seed-----	6,986	15,299
Flour-----	58,340	48,560
Soybean meal sold to members and others from Mexico plant, excluding transfers to St. Joseph Mill-----	641,410	500,000
Petroleum products-----	17,577	-0-
Sub-total-----	4,869,012	3,436,771
B. Purchased on a commission basis by the K.C. office:		
Grain for members-----	40,226	73,015
Grain and misc. supplies for M.F.A. Milling Co., Springfield, excluding St. Joseph mill cars-----	1,500,000	1,000,000
Miscellaneous supplies for members-----	20,434	6,925
Sub-total-----	1,560,660	1,079,940
Total-----	6,429,672	4,516,711

The volume of products marketed by the organization during the last two fiscal years, after eliminating intercompany duplication, follows:

<u>Commodity</u>	<u>1953</u>	<u>1954</u>
Grain and soybeans products marketed for growers and exchanges at Mexico plant, including transfers to St. Joseph mill and K.C. office-----	\$3,469,545	\$3,590,196
Grain marketed on commission at K.C. office, excluding Mexico transfers when reported above-----	16,035,195	15,991,524
Total-----	19,504,740	19,581,720

The association had net margins available for distribution to patrons of \$256,024 for the year ended August 31, 1953 and \$320,066 for 1954. The association distributed these net margins as follows:

<u>Distribution of net margins</u>	<u>1953</u>	<u>1954</u>
Cash patronage refunds-----	\$64,006	\$128,026
Additions to patrons' equities and capital reserves--	<u>192,018</u>	<u>192,040</u>
Total-----	256,024	320,066

Patrons' equities amounting to \$60,867, originally earned in 1944-1945 in payment of patronage refunds, were retired during 1953 under a revolving capital plan. The amount retired in 1954 was \$65,016 for equities originally earned in 1946.

The following condensed statements show the financial condition of the M.F.A. Cooperative Grain and Feed Company on August 31, 1953 and 1954:

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$1,429,848	\$1,202,922
Fixed assets (net)-----	1,624,128	1,674,078
Investments-----	86,805	73,268
Other assets-----	<u>34,889</u>	<u>28,195</u>
Total-----	3,175,670	2,978,463
Liabilities and net worth:		
Current liabilities-----	614,434	183,750
Deferred liabilities (includes certificates of indebtedness)-----	989,813	1,047,839
Net worth (patrons' equities, savings and reserves)-----	<u>1,571,423</u>	<u>1,746,874</u>
Total-----	3,175,670	2,978,463

On August 31, 1954, the M.F.A. Cooperative Grain and Feed Company owned the following facilities:

<u>Facilities</u>	<u>Cost value</u>	<u>Depreciated value</u>
Soybean mill and storage elevator-----	\$952,660	\$689,560
Feed mill and storage elevator-----	1,098,025	876,448
Automotive equipment-----	55,083	20,814
Office equipment-----	57,547	36,575
Laboratory equipment-----	<u>23,998</u>	<u>10,986</u>
Total-----	2,187,313	1,634,383

The M.F.A. Cooperative Grain and Feed Company in August 1954 had 133 employees of which 99 were at St. Joseph, 28 at Mexico, and 6 at Kansas City. Of these, approximately 34 were engaged in general administrative and field service activities; 93 in manufacturing, warehousing, and processing operations; and 6 in marketing operations.

CONSUMERS COOPERATIVES ASSOCIATED

Consumers Cooperatives Associated, with headquarters at Amarillo, Texas, was organized in 1930. On October 31, 1954, it was serving 286 member associations and 40 non-member associations. These associations had approximately 172,000 patrons, approximately 97 percent of them farmers. None of the locals were under management and financing agreements with CCA. The association operates mainly in Texas, but serves New Mexico, the Southwestern and Southern parts of Oklahoma, and supplies a few locals in Arkansas.

Consumers Cooperatives Associated has one wholly-owned subsidiary - the Cooperative Producing Association - which produces crude oil near Caprock, N. Mex. During the 1953-54 fiscal year, the refinery at Levelland, Tex., which had been operated by another subsidiary, was sold at trustees' sale.

Supplies distributed at wholesale by the association and its subsidiary during the fiscal years ending on October 31, 1953 and 1954, were as follows:

<u>Commodities</u>	<u>1953</u>	<u>1954</u>
Feed-----	\$195,737	\$30,987
Seed-----	54,990	8,900
Fertilizer-----	893,328	982,602
Insecticides-----	6,000	3,000
Petroleum products-----	2,213,427	2,243,982
Crude oil-----	97,173	77,940
Anti-freeze-----	4,255	6,596
Tires and tubes-----	213,970	321,125
Batteries-----	45,270	54,424
Auto accessories-----	33,037	29,907
Appliances-----	72,715	63,643
Hardware and building supplies-----	200,765	186,416
Farm machinery and parts-----	27,969	23,408
Miscellaneous-----	4,792	4,842
Total-----	4,063,428	4,037,772

The association has not marketed any grain for patrons the last 3 years.

Consumers Cooperatives Associated and its subsidiary incurred a net operating loss for the fiscal year ending October 31, 1953 of \$176,790 and a net loss of \$35,249 in 1954. In addition, non-recurring charges totaled \$143,506 in 1953, which represented losses on the refinery and other properties. Such charges in 1954 amounted to \$213,038. The association currently has no revolving capital plan in use.

The financial condition of Consumers Cooperatives Associated and its subsidiary on October 31, 1953 and 1954, is shown by the following consolidated financial statements;

	<u>1953</u>	<u>1954</u>
Assets:		
Current assets-----	\$972,672	\$774,629
Fixed assets (net)-----	661,193	³⁶ 386,816
Other assets-----	³⁶ 437,384	³⁶ 597,670
Total-----	2,071,249	1,759,115
Liabilities and net worth:		
Current liabilities-----	1,072,972	862,693
Other liabilities-----	36,460	161,921
Net worth or members and patrons' equities-----	961,817	734,501
Total-----	2,071,249	1,759,115

On October 31, 1954, the principal operating facilities of the association and its subsidiary were as follows:

<u>Facilities</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Warehouses-----	3	\$109,160	} \$234,547
Fertilizer plant-----	1	331,205	
Transports-----	11	152,858	
Other and construction in progress-----		<u>119,621</u>	<u>119,621</u>
Sub-total-----		712,844	386,816
Crude oil properties-----		<u>1,197,137</u>	<u>251,252</u>
Total-----		1,909,981	638,068

In addition, the association had \$126,337 invested in jointly-owned federations of regional cooperatives which operated various manufacturing and wholesaling facilities.

On October 31, 1954, Consumers Cooperatives Associated and its subsidiary had 69 employees. Of these, 29 were engaged in general and administrative activities; 19 were engaged in manufacturing and processing operations; and 21 were in wholesale distribution, including warehousing and transportation.

³⁶Fixed assets do not include crude oil properties either year or the refinery in 1953. The capital stock of the subsidiaries operating these facilities was included in "other assets" both years. Also, an investment of \$21,009 in property in process of acquirement and \$18,001 as the net value of assets held for sale were included in other assets in 1954.

PART II

SUMMARY OF INFORMATION ON 23 MAJOR REGIONAL FARM SUPPLY
COOPERATIVES FOR FISCAL YEARS ENDED IN 1953 AND 1954

This section summarizes the information on the 23 regional cooperatives described in this report. It gives the average age of the associations, area of service, types of retail outlets, number of patrons served, number of employees, dollar volume of business, types of supplies handled, distribution of net margins, revolving of capital, and financial condition.

YEAR OF ORGANIZATION

The 23 regional farm supply cooperatives were organized in the following years:

<u>Year</u>	<u>Number of associations organized</u>
1914-----	1
1916-----	1
1917-----	2
1918-----	1
1920-----	1
1923-----	2
1926-----	1
1927-----	2
1929-----	2
1930-----	1
1931-----	2
1933-----	2
1934-----	2
1942-----	1
1945-----	2

Only 5 of these associations were in existence before 1920. By 1930, 13 were operating. Seven were organized in the 1930's, and 3 in the 1940's. In 1954 the average age of the associations was 26 years.

AREA OF SERVICE

The 23 regional farm supply cooperatives operate throughout most of the United States. In addition a number of smaller and often specialized regional associations operate in these same areas.

TYPE OF RETAIL OUTLET

The 23 cooperatives distributed supplies through 8,405 retail outlets in 1953, and 8,214 in 1954. The outlets are classified as follows:

<u>Type of retail outlet</u>	<u>1953</u>	<u>1954</u>
Local member cooperatives:		
Not managed or supervised-----	4,455	4,592
Managed or supervised-----	307	306
Local non-member cooperatives-----	1,036	867
Managed cooperative service stores or subsidiaries, and branches-----	633	582
Private service agencies or dealer agents-----	1,187	1,426
Farmer-representatives or agents-----	787	441

The "local member cooperatives" included in this classification are independent organizations which hold membership interests in the regional associations. The "nonmember cooperatives" are also independent but are only served by the regional cooperatives. The "managed cooperative service stores or subsidiaries, and branches" are under direct management of the regionals. "Private service agencies or dealer agents" are private concerns that perform a distributing service for the regional cooperatives in accordance with mutually agreeable policies. These plans include provisions for passing on to the farmers the patronage refunds distributed by the regionals. Similarly, the "farmer-representatives or agents" are farmers who serve as distribution agents for the regionals. The association reports in Part I give more detailed information on the character of local service outlets.

NUMBER OF PATRONS SERVED

During the fiscal year ending 1954, the 23 regional cooperatives served an estimated 3,011,819 farmer-patrons and 259,017 nonfarmer patrons, or a total of 3,270,836 patrons.³⁷ Thus 92 percent of the patrons were farmers and 8 percent were nonfarmers.

NUMBER OF EMPLOYEES

The 23 regionals at the close of their 1954 fiscal year had 19,090 employees. Of these, an estimated 20 percent were engaged in general and administrative activities; 33 percent in manufacturing and processing; 15 percent in wholesale distribution, including warehousing and transportation; 22 percent in retail distribution; and 10 percent in marketing farm products.

³⁷On the basis of other studies made by Farmer Cooperative Service, it is believed that this total is considerably higher than the number of actual persons, since many are served by two or more regionals.

DOLLAR VOLUME OF BUSINESS

Of the 23 regionals, 19 distributed supplies at wholesale totaling \$698.1 million in the fiscal year ended in 1954 compared with \$697.4 million in the 1953 fiscal year. (Table 1.) The other 4 regionals distributed their supplies primarily at retail and their volume totaled to \$182.5 million in 1954 and \$184.0 million in 1953. The combined volume of these two groups thus totaled \$880.5 million in 1954 compared with \$881.5 million in 1953.

Five of the 19 regionals also reported the volume of supplies handled by retail affiliates and branches. When their volume was added to that of the 4 regionals distributing supplies direct to patrons, total retail volume was \$371.1 million in 1954 compared with \$376.8 million in 1953.

Combined volume of farm products marketed by 12 regionals totaled \$209.1 million in 1954 and \$213.4 million in 1953.

TYPES OF SUPPLIES HANDLED

Tables 2 and 3 show the relative importance of the various supplies handled at wholesale by each of 19 regional cooperatives and those handled primarily at retail by each of 4 regional cooperatives during the fiscal year ended in 1954.³⁸ Feed predominated in the dollar volume of 12 associations, petroleum products in 9 associations, fertilizer in 1 association, and groceries in 1 association. Feed accounted for \$405 million of the volume of the 23 associations, petroleum \$240 million, and fertilizer \$97 million.

Data in Table 4 compare the dollar volume of the various groups of supplies distributed by the 23 associations during the fiscal year ended in 1954 with that distributed during the 1953 fiscal year. Total dollar volume distributed in 1954 showed a slight decrease of one-tenth of one percent over that distributed in 1953. Feed, petroleum products and fertilizer made up 84 percent of the total volume in each year.

Dollar volume of feed handled in 1954 showed a decrease of 3 percent over that handled in 1953. Petroleum products increased 3 percent in dollar volume, and fertilizer 6 percent. Eight of the 14 commodity groups showed increases and 6 showed decreases. These increases and decreases are shown in Table 4.

³⁸Eastern States Farmers' Exchange, Inc., Washington Co-operative Farmers Association, Poultry Producers of Central California and Poultrymen's Cooperative Association of Southern California distributed supplies direct to individual patrons primarily at retail.

Table 1. - Dollar volume of farm supplies distributed and farm products marketed by 23 major regional farm supply cooperatives during fiscal years ended in 1953 and 1954

Association	Year ending	Supplies distributed at wholesale ¹		Supplies distributed at retail ²		Farm products marketed	
		1953	1954	1953	1954	1953	1954
Cooperative Grange League Federation Exchange, Inc. (and retail affiliates), Ithaca, N. Y.	June 30	\$152,854,894	\$146,714,132	\$128,638,009	\$120,931,453	\$26,995,461	\$24,545,771
Southern States Cooperative, Inc. (and retail affiliates)	June 30	88,772,953	91,430,373	43,089,993	46,670,702	7,562,732	7,986,017
Indiana Farm Bureau Cooperative Association, Inc.	Dec. 31	50,053,954	56,796,303	-	-	80,009,591	81,425,103
Eastern States Farmers' Exchange, Inc.	Dec. 31	-	-	388,476,621	385,947,776	-	-
Consumers Cooperative Association	Aug. 31	84,050,160	85,740,228	-	-	-	-
Illinois Farm Supply Company	Aug. 31	59,920,175	62,449,765	-	-	-	-
The Farm Bureau Cooperative Association, Inc.	Dec. 31	³ 40,050,844	⁴ 41,200,351	-	-	22,150,499	20,289,206
Farmers Union Central Exchange, Inc.	Dec. 31	-	-	350,408,206	355,303,263	-	-
Poultry Producers of Central California	Dec. 31	-	-	330,460,056	326,952,301	25,647,236	25,013,886
San Francisco, Calif.	Dec. 31	-	-	-	-	17,787,760	16,241,053
Washington Co-operative Farmers Association	Dec. 31	30,457,012	33,269,998	-	-	-	-
Seattle, Wash.	June 30	37,215,341	36,959,421	-	-	-	-
M.F.A. Milling Company	June 30	22,002,279	19,663,266	13,895,182	13,408,254	2,621,877	2,425,080
Farmers Cooperative Exchange (and retail affiliates)	Dec. 31	23,148,972	23,531,080	-	-	⁵ 1,066,331	953,070
Pennsylvania Farm Bureau Cooperative Association	June 30	20,780,299	18,705,581	-	-	5,577,486	5,439,235
Pacific Supply Cooperative	Aug. 31	6,429,672	4,516,711	-	-	19,504,740	19,581,720
M.F.A. Grain and Feed Company	Aug. 31 ⁷	30,631,576	21,837,025	-	-	-	-
St. Joseph, Mo.	Aug. 31	11,408,197	12,951,548	-	-	1,715,602	1,959,346
Midland Cooperatives, Inc.	Mar. 31	11,053,650	12,208,853	-	-	2,753,212	3,194,462
Minnesota, Minn.	Nov. 30	10,672,286	10,944,848	-	-	-	-
Farm Bureau Services, Inc. (and branches)	May 31	7,135,397	9,021,309	-	-	-	-
Lansing, Mich.	Dec. 31	5,832,704	6,098,904	1,306,170	1,185,349	-	-
Poultrymen's Cooperative Association of Southern California	Sept. 30	4,063,428	4,037,772	-	-	-	-
Los Angeles, Calif.							
Central Cooperative Wholesale							
Superior, Wis.							
Arkansas Farmers Association							
Little Rock, Ark.							
Tennessee Farmers Cooperative							
La Vergne, Tenn.							
Farmers Union State Exchange (and branches)							
Omaha, Nebr.							
Consumers Cooperatives Associated							
Amesbury, Tex.							
Total		697,433,793	698,077,468	376,786,144	371,070,094	213,392,527	209,053,949

¹Where both wholesale and retail volumes are reported for an association, some duplication exists because the retail volume, to a substantial degree, consists of supplies also included in the wholesale volume.

²Formerly included under wholesale distribution.

³Includes \$30,284 interdivision transactions.

⁴Includes \$102,199 interdivision transactions.

⁵Includes \$102,199 interdivision transactions.

⁶Includes \$102,199 interdivision transactions.

⁷Year ending changed from December 31 to August 31.

Table 2. - Dollar volume of farm supplies distributed by 23 major regional farm supply cooperatives, fiscal year ended in 1954¹

Association	Feed	Petroleum products	Fertilizer	Seed	Lumber, paint, hardware, and farm equipment material	Farm machinery and equipment	Tires, tubes, auto accessories	Steel products	Insecticides, fungicides, appliances	Elec- trical equip- ment	Groceries	Twine	Crates, baskets, shooks, packaging material	Coal	Miscel- laneous	Total
Cooperative Orange League	\$94,675	\$14,569	\$15,019	\$5,359	\$2,514	\$2,555	\$1,139	\$3,075	\$3,170	\$1,190	-	\$1,247	\$706	-	\$1,496	\$146,714
Federation Exchange, Inc.	56,475	7,753	10,540	6,958	860	1,606	777	3,676	1,615	1,051	-	-	-	-	119	91,430
Southern States Cooperative, Inc.	69,430	-	7,735	3,596	528	-	-	-	1,888	-	-	-	-	-	2,771	85,948
Eastern States Farmers' Exchange, Inc.	6,191	64,499	4,905	-	4,339	1,213	2,666	-	607	429	-	-	-	-	561	85,740
Consumers Cooperative Association	14,561	32,467	11,458	-	694	950	809	689	606	-	3,330	88	-	-	128	62,450
Illinois Farm Supply Company	11,742	20,043	11,545	2,113	3,524	2,072	462	2,820	797	349	-	85	-	\$443	801	56,796
Association, Inc.	3,237	36,378	2,511	443	3,299	2,468	4,303	-	580	438	-	468	-	-	1,178	55,303
Farmers Union Central Exchange, Inc.	11,637	13,847	7,037	1,801	2,027	2,720	222	-	537	747	-	-	-	-	630	41,200
The Farm Bureau Cooperative Association, Inc.	35,715	-	-	1,245	-	-	-	-	-	-	-	-	-	-	-	36,960
M.F.A. Milling Company	21,635	7,402	1,541	360	-	-	-	-	-	-	-	-	-	-	2,332	33,270
Washington Co-operative Farmers Association ²	24,325	1,931	-	-	-	-	-	-	-	-	-	-	-	-	696	26,952
Poultry Producers of Central California ³	9,489	6,594	2,696	1,152	163	1,145	191	718	458	208	-	264	-	-	453	23,531
Pennsylvania Farm Bureau Cooperative Association	1,935	14,319	2,190	630	456	46	996	463	193	491	-	-	-	-	118	21,837
Midland Cooperatives, Inc.	10,578	-	4,181	1,630	619	618	23	-	615	654	-	-	-	-	745	19,663
Farmers Cooperative Exchange, Inc.	898	11,257	3,030	144	849	61,245	667	-	492	114	-	-	-	-	10	18,706
Pacific Supply Cooperative	13,852	-	-	-	-	-	-	-	-	-	-	-	-	-	407	14,259
Poultrymens Cooperative Association of Southern California	4,458	-	3,992	1,338	147	1,389	-	1,215	311	-	-	-	-	102	-	12,952
Farm Bureau Services, Inc.	2,081	1,778	201	145	682	76	293	126	28	495	-	60	-	58	733	12,209
Central Cooperative Wholesale	6,175	511	2,300	777	-	-	-	-	-	-	-	-	-	-	1,182	10,945
Arkansas Farmers Association	1,650	409	4,864	1,530	460	-	-	-	-	-	-	-	-	-	108	9,021
Tennessee Farmers Cooperative	1,100	4,202	156	1,100	115	866	187	-	150	-	-	17	-	79	17	6,099
Farmers Union State Exchange	3,446	-	-	15	-	-	-	-	-	-	-	-	-	-	1,056	4,517
M.F.A. Cooperative Grain and Feed Company	31	2,329	983	9	186	23	405	-	3	64	-	-	-	-	5	4,038
Consumers Cooperatives Associated	404,916	240,288	96,784	29,345	21,462	18,992	13,140	12,782	11,950	6,225	5,493	2,229	706	682	15,546	880,540
Total																

¹Includes volume distributed at wholesale by 19 associations and volume distributed direct to patrons primarily at retail by 4 associations.²Includes hardware.³Includes drugs and sundries.⁴Includes \$102,000 interdivision transactions.⁵Includes \$102,000 interdivision transactions.⁶Includes farm appliances and irrigation supplies.⁷Estimated.

Table 3. - Percentage of total volume of farm supplies represented by specific groups of items, 23 major regional farm supply cooperatives for fiscal year ended in 1954¹

Association	Feed	Petroleum products	Fertilizer	Seed	Lumber, paint, hardware, maintenance material	Form machinery and farm equipment	Tires, tubes, auto accessories	Steel products	Insecticides, fungicides	Electrical equipment and appliances	Groceries	Twine	Crates, boxes, shipping, packaging material	Coal	Miscellaneous	Total
Percent																
Cooperative Grange League																
Federation Exchange, Inc.	64.5	9.9	10.3	3.7	1.7	1.7	.8	2.1	2.2	.8	-	.8	.5	-	1.0	100.0
Southern States Cooperative, Inc.	61.8	8.5	11.5	7.6	1.0	1.8	.8	2.0	1.8	1.1	-	-	-	-	.1	100.0
Eastern States Farmers' Exchange, Inc.	80.8	-	9.0	4.2	.6	-	-	-	2.2	-	-	-	-	-	3.2	100.0
Consumers Cooperative Association	7.2	75.2	5.7	-	5.1	1.4	3.1	-	.7	.5	3.4	-	-	-	.7	100.0
Illinois Farm Supply Company	23.3	52.0	18.4	-	1.1	1.5	1.3	1.1	1.0	-	-	.1	-	-	.2	100.0
Indiana Farm Bureau Cooperative Association, Inc.	20.7	35.3	20.3	3.7	6.2	3.7	.8	5.0	1.4	.6	-	.1	-	.8	1.4	100.0
Farmers Union Central Exchange, Inc.	5.9	65.8	4.5	.8	6.0	4.5	7.8	-	1.0	.8	-	.8	-	-	2.1	100.0
The Farm Bureau Cooperative Association, Inc.	28.3	33.6	17.1	4.4	4.9	6.6	.5	-	1.3	1.8	-	-	-	-	1.5	100.0
M.F.A. Milling Company	96.6	-	-	3.4	-	-	-	-	-	-	-	-	-	-	-	100.0
Washington Co-operative Farmers Association	65.0	22.3	4.6	1.1	-	-	-	-	-	-	-	-	-	-	7.0	100.0
Farmers Cooperative Exchange, Inc.	53.8	-	21.3	8.3	3.2	3.1	.1	-	3.1	3.3	-	-	-	-	3.8	100.0
Poultry Producers of Central California	90.2	7.2	-	-	-	-	-	-	-	-	-	-	-	-	2.6	100.0
Pennsylvania Farm Bureau																
Cooperative Association	40.3	28.0	11.5	4.9	.7	4.9	.8	3.1	1.9	.9	-	1.1	-	-	1.9	100.0
Midland Cooperatives, Inc.	8.9	65.6	10.0	2.9	2.1	.2	4.6	2.1	.9	2.2	-	-	-	-	.5	100.0
Farm Bureau Services, Inc.	34.4	-	30.8	10.3	1.2	10.7	-	9.4	2.4	-	-	-	-	.8	-	100.0
Pacific Supply Cooperative	4.8	60.2	16.2	.8	4.5	6.7	3.5	-	2.6	.6	-	-	-	-	.1	100.0
Poultrymen's Cooperative Association	97.1	-	-	-	-	-	-	-	-	-	-	-	-	-	2.9	100.0
Central Cooperative Wholesale	22.0	14.6	1.6	1.2	5.6	.6	2.4	1.0	.2	4.1	39.7	.5	-	.5	6.0	100.0
Arkansas Farmers Association	56.4	4.7	21.0	7.1	-	-	-	-	-	-	-	-	-	-	10.8	100.0
Tennessee Farmers Cooperative	18.3	4.5	53.9	17.0	5.1	-	-	-	-	-	-	-	-	-	1.2	100.0
Farmers Union State Exchange	61.6	68.9	6.9	1.6	1.9	14.2	3.1	-	6.8	-	5.1	.3	-	1.3	.3	100.0
M.F.A. Cooperative Grain and Feed Company	76.3	-	-	.3	-	-	-	-	-	-	-	-	-	-	23.4	100.0
Consumers Cooperatives Associated	.8	57.7	24.3	.2	4.6	.6	10.0	-	.1	1.6	-	-	-	-	.1	100.0
Total	46.0	27.3	11.0	3.3	2.4	2.1	1.5	1.4	1.4	.7	.6	.3	.1	.1	1.8	100.0

¹Includes volume distributed at wholesale by 19 associations and volume distributed direct to patrons primarily at retail by 4 associations.²Includes farm supplies.³Includes drugs and sundries.⁴Business for 8 months. Year of fiscal year changed.⁵Includes farm appliances and irrigation supplies.⁶Estimated.

Table 4. - *Supplies distributed by 23 major regional farm supply cooperatives during fiscal years ended in 1953 and 1954*¹

Commodity group	1953		1954		Increase or decrease
	Volume ²	Percent of total	Volume ³	Percent of total	
	<i>1,000 dollars</i>	<i>Percent</i>	<i>1,000 dollars</i>	<i>Percent</i>	
Feed-----	418,988	47.5	404,916	46.0	-3.4
Petroleum products-----	232,799	26.4	240,288	27.3	+3.2
Fertilizer-----	91,603	10.4	96,784	11.0	+5.7
Seed-----	29,610	3.4	29,345	3.3	-.9
Lumber, paint, hardware and maintenance material-----	20,716	2.4	21,462	2.4	+3.6
Farm machinery; other farm equipment-----	19,217	2.2	18,992	2.2	-1.2
Tires, tubes and auto accessories--	12,157	1.4	13,140	1.5	+8.1
Steel products-----	11,744	1.3	12,782	1.5	+8.8
Insecticides and fungicides-----	10,177	1.1	11,950	1.3	+17.4
Electrical equipment and appliances	7,717	.9	6,225	.7	-19.3
Groceries-----	6,656	.7	5,493	.6	-17.5
Twine-----	1,663	.2	2,229	.2	+34.0
Crates, baskets, shook and packaging material-----	634	.1	706	.1	+11.4
Coal-----	789	.1	682	.1	-13.6
Miscellaneous-----	16,997	1.9	15,546	1.8	-8.5
Total-----	881,467	100.0	880,540	100.0	-.1

¹Includes the value of supplies distributed at wholesale by 19 regional cooperatives and direct to patrons or primarily at retail by 4 associations.

²Includes \$30,000 interdivision transactions not reported by commodity.

³Includes \$102,000 interdivision transactions not reported by commodity.

DISTRIBUTION OF NET MARGINS

Total net margins for the 23 associations amounted to \$33 million in the fiscal year ended in 1953 and \$40.4 million in 1954, an increase of 23 percent. Cash patronage refunds were \$10.8 million in 1954, or 33 percent greater than in 1953. Refunds distributed in the form of capital stock, certificates of equity, and other equity holdings increased from \$15.3 million to \$19.2 million, or 25 percent. Cash dividends on stock went from \$4.5 million to \$4.7 million - an increase of 4 percent. The amount retained in reserves or surplus went from \$5.1 million to \$5.7 million, or 13 percent. (See Table 5 and Figure 1.)

The amount of deferred refunds, capital stock, and other equities issued in prior years in payment of patronage refunds which were retired in cash in 1953 and 1954 are shown in the following section of this report.

Information as to the payment of Federal income taxes is not included in this report. Some farm supply cooperatives operate so as to qualify for the tax treatment provided in sections 521 and 522 of the Internal Revenue Code of 1954. Those qualifying have little or no taxable income. Associations which do not qualify are liable for income tax at regular corporate rates to the extent that their receipts are sufficient to permit the payment of a return on capital and to the extent that they have receipts which they are not under a contractual obligation to return to patrons.

Table 5. - *Distribution of net margins available to patrons of 23 major regional farm supply cooperatives for fiscal years ended in 1953 and 1954*

Distribution of net margins	1953	1954	Percentage increase or decrease
Cash dividends on stock-----	\$4,554,659	\$4,754,321	+4.4
Patronage refunds:			
Cash-----	8,078,487	10,780,459	+33.4
Deferred ¹ -----	15,308,286	19,153,070	+25.1
Retained in reserves or surplus-----	5,043,568	5,718,982	+13.4
Total-----	32,985,000	40,406,832	+22.5

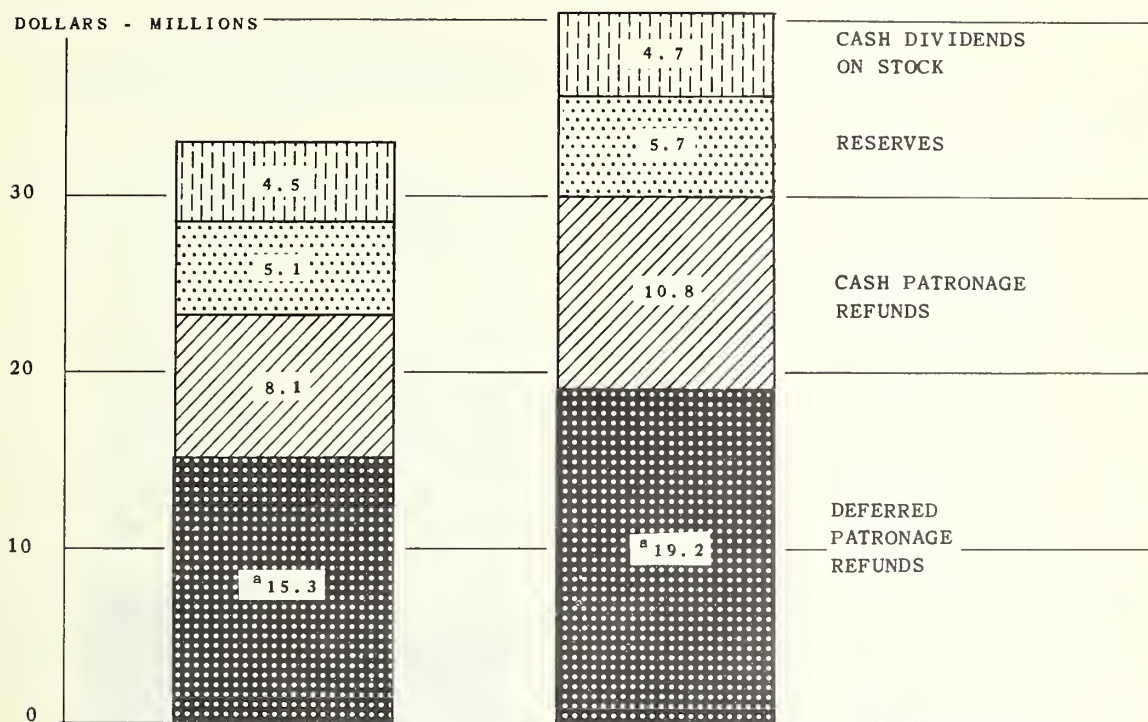
¹Evidenced by capital stock, certificates of equity, revolving fund credits, and other equity holdings. Cash payments applicable to patronage refunds deferred in prior years under revolving capital programs totaled \$12.9 million in 1953 and \$10.9 million in 1954. Thus, a net balance equivalent to only \$2.4 million of the deferred refunds from 1953 operations and \$8.2 million from 1954 operations were retained in the associations.

REVOLVING OF CAPITAL

Thirteen associations in 1953 and fourteen in 1954 reported cash retirement of stock or other equities originally issued in payment of patronage refunds for prior years under revolving capital programs. Such cash retirements totaled \$12.9 million in 1953 and \$10.9 million in 1954. A total of eighteen associations are using the revolving capital plan of financing. Six associations are revolving their capital within a 5 year period; six within a 7 to 8-year period; and for the remaining six the period or cycle is 10 or more years.

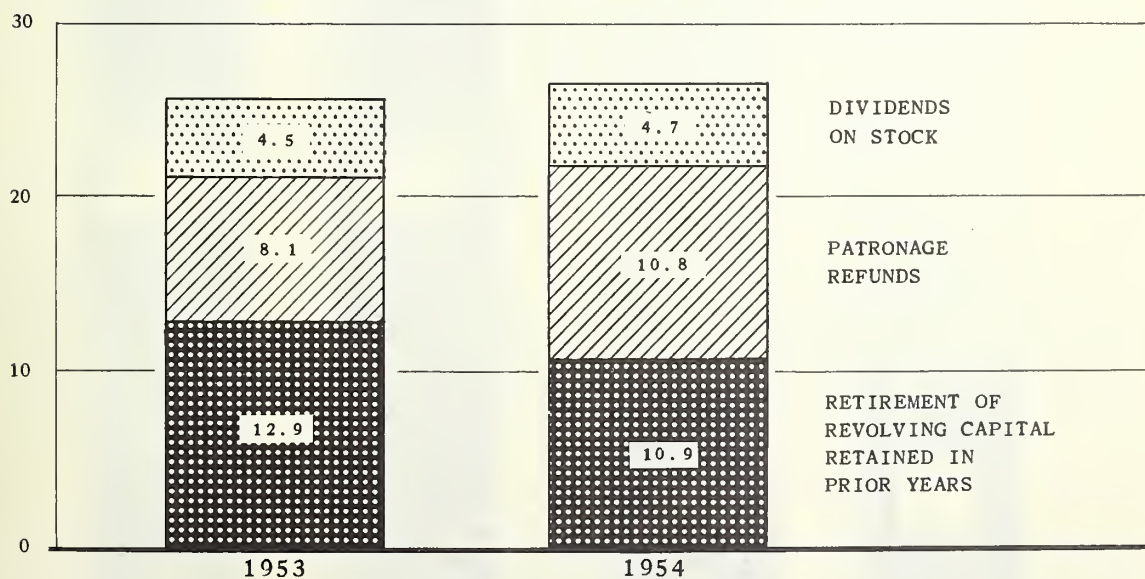
When the cash retirements of revolving capital are added to the cash payment of dividends on stock and patronage refunds on the current fiscal year's operations, total cash distributed to patrons amounted to \$25.5 million in the fiscal year ended in 1953 and \$26.4 million in 1954. (Table 6 and Figure 2.) These amounts were equivalent to approximately 77 percent and 65 percent, respectively, of the total net margins available to patrons for the 2 years.

FIGURE 1
DISTRIBUTION OF NET MARGINS AVAILABLE TO PATRONS OF 23 REGIONALS



^a TOTAL CASH WAS EQUIVALENT TO 77.4% OF NET MARGINS IN 1953 AND TO 65.3% OF NET MARGINS IN 1954.

FIGURE 2
CASH DISTRIBUTED TO PATRONS OF 23 REGIONALS^a



^a A TOTAL OF \$12.9 MILLION DEFERRED IN PRIOR YEARS WAS RETIRED IN CASH IN 1953 AND \$10.9 MILLION WAS RETIRED IN 1954.

FIGURE 3
 CONSOLIDATED FINANCIAL STATEMENTS OF 23 REGIONALS
 FOR FISCAL YEARS ENDED IN 1953 AND 1954

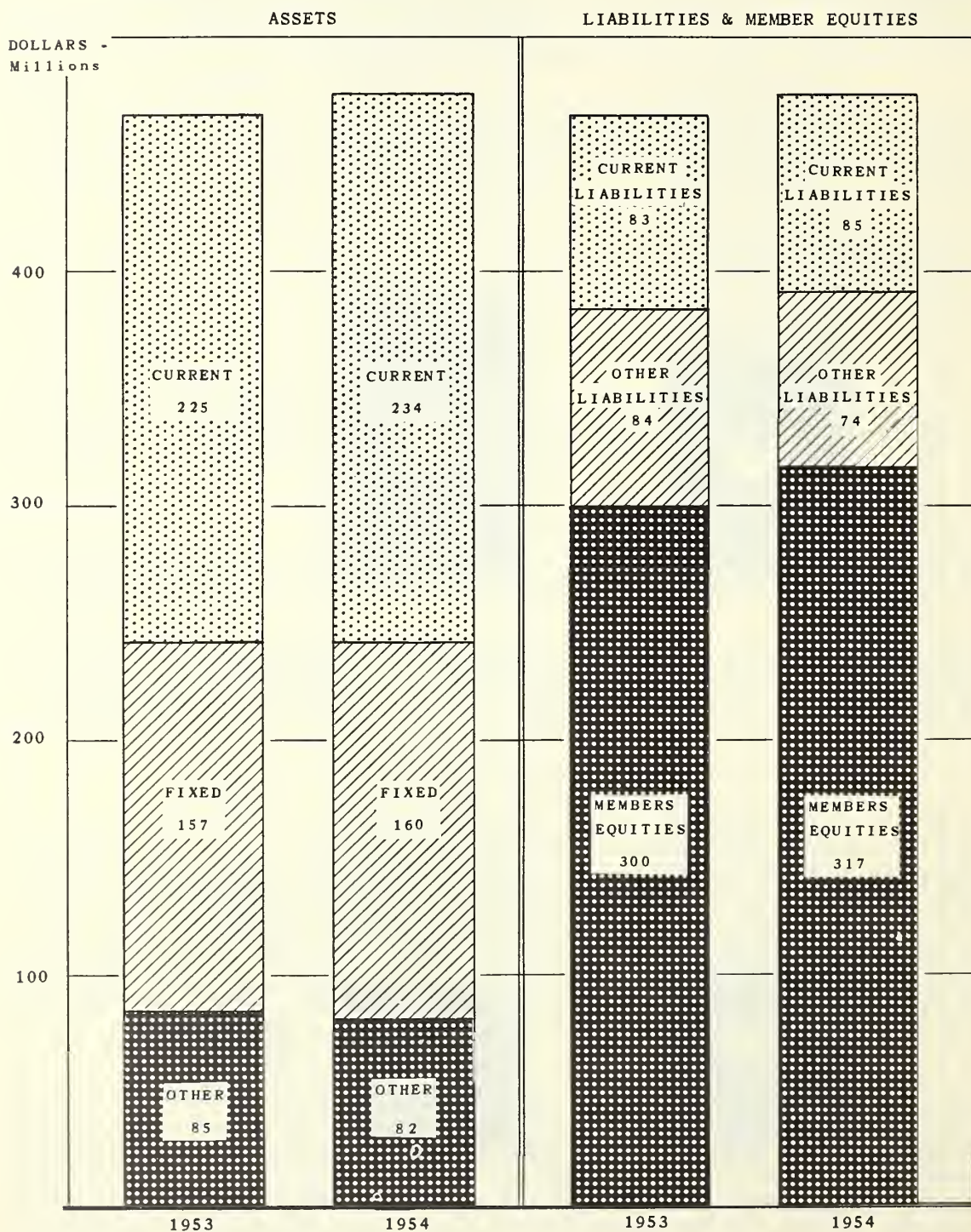


Table 6. - *Cash distributions to patrons by 23 major regional farm supply cooperatives in fiscal years ended in 1953 and 1954*

Type of cash distribution	1953	1954
On current year's operations:		
Cash dividends on stock and interest on other equities-----	\$4,554,659	\$4,754,321
Cash patronage refunds-----	8,078,487	10,780,459
Under revolving capital programs:		
Cash payment or retirement of deferred refunds, capital stock, and other equities-----	12,881,802	10,866,869
Total-----	25,514,948	26,401,649

FINANCIAL CONDITION

The financial condition of the 23 farm supply cooperatives at the close of the fiscal years ended in 1953 and 1954 is shown in Table 7 and Figure 3.

Table 7. - *Consolidated financial statement of 23 major regional farm supply cooperatives at the close of fiscal years ended in 1953 and 1954*

Item	1953		1954	
	Amount	Percentage of total	Amount	Percentage of total
Assets:				
Current assets-----	\$225,406,633	48.2	\$233,790,822	49.1
Fixed assets (net)-----	157,163,741	33.6	160,461,763	33.7
Other assets-----	84,818,479	18.2	81,672,852	17.2
Total-----	467,488,853	100.0	475,925,437	100.0
Liabilities and members' equity and reserves:				
Current liabilities-----	83,297,825	17.8	85,031,144	17.9
Other liabilities-----	84,252,014	18.0	73,932,803	15.5
Members' equities-----	299,939,014	64.2	316,961,490	66.6
Total-----	467,488,853	100.0	475,925,437	100.0

In 1954 net fixed assets increased 2.1 percent over 1953, and members' equities increased 5.7 percent. Members' equities represented 64.2 percent of total assets in 1953 and 66.6 percent in 1954. The associations had \$2.75 of current assets per \$1 of current liabilities in 1954 compared with \$2.71 in 1953.



